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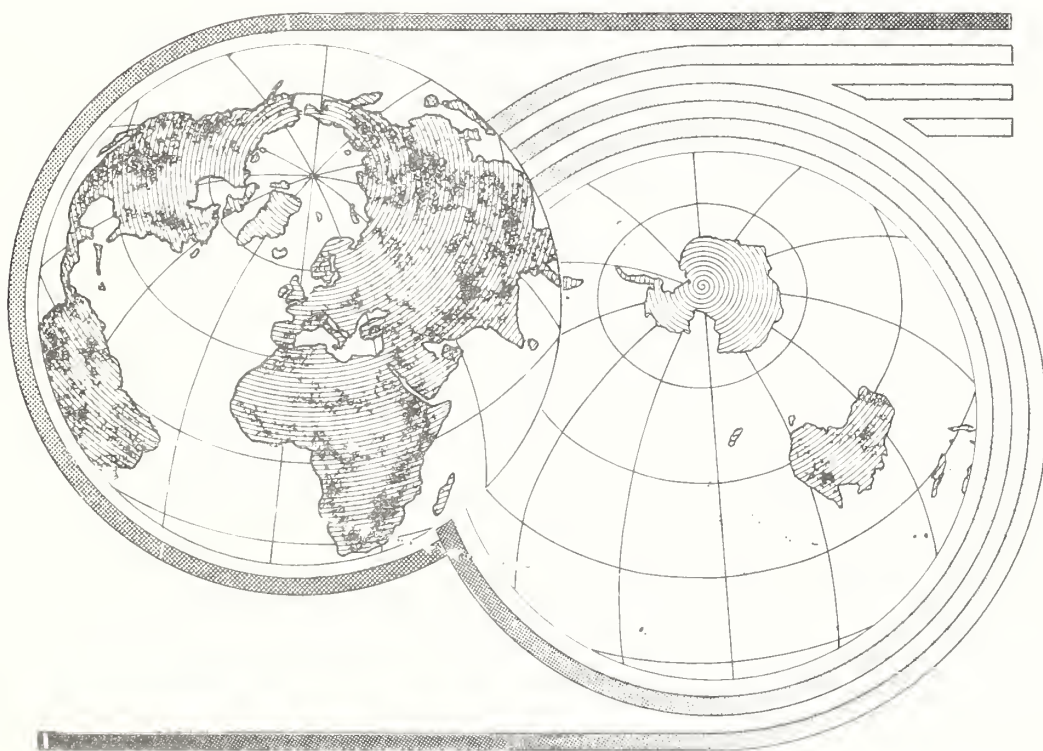


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# WORLD AGRICULTURAL Situation

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JULY  
1979



APPROVED BY THE WORLD FOOD AND AGRICULTURAL OUTLOOK  
AND SITUATION BOARD

ECONOMICS, STATISTICS, AND COOPERATIVES SERVICE

UNITED STATES DEPARTMENT OF AGRICULTURE

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Washington, D.C. 20250

The *World Agricultural Situation* is published in June, September, and December. Agricultural situation reports for the world's major regions are published during March-May

## SUMMARY

The most prominent feature of the current world agricultural situation has been the recent sharp rise in prices for many agricultural commodities led by a tightening of the world grain situation. Current projections of 1979/80 world grain production are well below earlier expectations, which had indicated a moderate decline from the bumper harvest of 1978/79.

Since Mid-May, weather has been unfavorable to grains in several major producing countries of the Northern Hemisphere—most notably in the USSR, but also in Canada and Europe—leading to a further reduction in the world grain production forecast and to increased estimates of world grain imports.

Projected production cuts are somewhat sharper for wheat than for coarse grains, and rice production prospects are a little less favorable than projected earlier because of weakness in the early stages of the Asian monsoon rains.

However, the world enters the 1979/80 season with record total grain stocks a fifth higher than a year earlier and equal to nearly 17 percent of world grain consumption, compared with an average of about 16.3 percent in the period of large supplies in the early 1970's and with the low of about 11 percent in the mid-1970's. Large grain stocks in Europe and India will help moderate the impact of potential global production shortfalls and dampen upward pressure on world prices.

The tightening of the world grain situation has triggered opening of the U.S. farmer-owned grain reserve for wheat, with about 1.5 million tons of the 10.7 million ton total made available for domestic and export markets in the first 4 weeks of release.

The heavy concentration of world grain stocks in the United States and grain handling problems in some other major grain exporting countries makes it likely that the United States will supply the greatest part of the prospective increase in the world's grain import needs in 1979/80. However,

*Note:* Unless stated otherwise, split years (e.g., 1979/80 mean July/June. Fiscal 1980 means October 1979/September 1980). Tons are metric and dollars are U.S. unless otherwise specified.



the expected record-large 1979/80 export volume combined with possible fuel availability problems could generate transportation difficulties in the United States as well.

These developments would appear to assure, at the minimum, the achievement of the forecast increase in fiscal year 1979 U.S. agricultural exports from \$27 to over \$32 billion. Agricultural imports are expected to reach \$16 billion, compared with \$13.9 billion in fiscal 1978, giving the United States a \$16-billion agricultural trade surplus.

In fiscal 1980, a restraining influence on the recent strengthening of demand for U.S. agricultural commodities may be the lower expectations for economic growth around the world and the related problems of inflation and higher costs for petroleum imports. The external financial situation of the non-OPEC developing countries continues to worsen as the terms of trade for their primary commodity exports deteriorate because of higher import costs for petroleum and manufactured products.

Record-high production of both protein meals and fats and oils are forecast for 1979 and, although too early to forecast, available indicators point to record availabilities in 1980. The growth in world consumption of protein meal will likely slow in 1979, although the rate of increase is forecast to equal that for production. Prolonged feeding of compound feed to dairy cattle during the long winter and large pork and poultry production in the EC are helping to keep meal prices firm. World consumption of fats and oils will rise about as fast as protein meals, but not so fast as production of fats and oils.

World meat production is on the increase in 1979, despite a drop in beef production, thanks to expanded pork and poultry output. Smaller cattle

herds, following several years of liquidation, have contributed to reduced beef output and higher prices that, in turn, are providing strong incentives for herd rebuilding.

World sugar stocks are forecast to rise almost 1 million tons by the end of 1978/79 despite a drop in world output. Area planted to sugar in 1979/80 will likely be less, creating the possibility of a reduction in world stocks, that now equal about 35 percent of annual consumption.

World coffee production is forecast to increase in 1979/80, although the rise was held down by a freeze in Brazil last August, as well as by a decline in Ecuador's output. The May 30-June 1 freeze in coffee areas of Brazil has had little effect on the current crop, but it has called into question the size of the 1980/81 crop.

World cocoa stocks are expected to rise slightly in 1979/80 because cocoa grindings continue to be constrained by high prices for cocoa beans and increased use of substitutes. Civil strife in Ghana may reduce availabilities in 1979/80.

World cotton production is forecast to recover in 1979/80 based on increased U.S. planting intentions and slightly larger foreign crops. Although textile activity has picked up in the European Community (EC) and remains strong in the Far East, uncertainty surrounding overall world economic growth prospects suggests a possible dampening of demand for cotton. Thus, stocks are expected to increase in 1979/80, most notably in the United States.

Despite anticipated reduction in tobacco output in 1979 by the United States, Greece, Turkey, and Japan, world tobacco production is expected to grow. World cigarette output is forecast to rise roughly in line with the 2.7 percent trend rate of growth, a little more rapidly in the United States.

## WORLD ECONOMIC CONDITIONS<sup>1</sup>

### The Developed Countries

Economic growth expectations have been generally scaled downward due to energy and inflation problems. In contrast with earlier years, the prime constraint on economic growth in the developed countries is inflation and not balance of payments problems. Real economic growth in the industrialized countries in 1979 is estimated at 3.7 percent, roughly the same as in the last 2 years but

below long-term trend rates (table 1). In general, growth is expected to be higher in the first half of the year than in the second half because of the lagged effect of stimulative 1978 fiscal policies and increasing inflation and rising interest rates. For 1980 and 1981, real growth is projected by the International Monetary Fund to rise 4.25 percent. These recent projections of economic growth rates are lower than ones made earlier because of the negative effect of rising oil prices.

In 1979, the range of growth rates among developed countries is expected to narrow. Some of these countries, like the United States, have experienced both trade deficits and a decline in domestic demand, while others, like Germany and Japan, have trade surpluses despite rising imports.

<sup>1</sup>The publication, *World Economic Conditions in Relation to Agricultural Trade*, has been discontinued. *The World Agricultural Situation* will provide more extensive treatment of the subjects covered by that publication in this issue and in future issues than it has in the past.

For the EC countries, as a group, overall economic growth is projected at 3.4 percent for 1979. This is higher than in 1977 and 1978. Germany's economy has been strong in the first half of 1979 because both fixed investment and exports have picked up. However, growth will likely be lower in the second half of 1979 due to a loss of competitiveness in exports and rising inflation rates.

Canadian economic activity in 1979 is projected at somewhat below that in the European countries, as a group, because of the expected slowing of the U.S. economy and its effect on Canadian exports. The Japanese economy in 1979 is projected to grow slightly more rapidly than those of other major developed countries. Growth, however, is expected to be higher in the first half of the year than in the second half because of a tightening of monetary policy in response to the falling value of the yen (making imports more expensive) and higher energy prices.

Since the beginning of 1979, inflationary pressures have become a problem even for countries that previously had slowly rising prices. Japan and Germany have both raised domestic discount rates and are trying to dampen price rises by curbing increases in monetary aggregates. Although Germany's inflation rate for 1979 is projected at 3.5 percent—low compared with other developed countries—it is a full percentage point higher than last year's rate.

Interest rates moved upward in most developed countries in 1978 and so far in 1979. Money market rates in the major developed countries steadily increased from a weighted average of almost 6 percent in January 1978 to over 8- $\frac{1}{4}$  percent in April 1979. Except for the lowering of the minimum lending rate in the United Kingdom from 13 percent to 12 percent in April, official rates have been raised in most developed countries.

The combined trade balance of all industrialized countries, excluding the United States, went from a deficit of \$5 billion in 1977 to a surplus of \$16 billion in 1978. Japan and Germany recorded large surpluses of \$18.5 billion and \$20 billion respectively, which represented a doubling for Japan and a 24-percent rise for Germany over 1977 levels (table 2). The only other industrialized countries with trade surpluses in 1978 were Canada and Sweden. Italy, however, sharply improved its trade situation by narrowing its deficit to \$400 million. For Germany and Japan, a weakening of trade growth is projected in the second half of 1979. Import growth is expected to exceed both export growth and economic growth in both countries in 1979. Although the depreciation of the yen since November 1978 has helped boost exports, the Japanese have also recently liberalized their import market. In addition the Japanese have reduced restrictions on foreign capital inflows.

## Non-OPEC Developing Countries

The external economic situation of the non-OPEC developing countries is expected to deteriorate further in 1979. Their combined current account deficits may reach \$38 billion, compared with \$31 billion in 1978 and \$22 billion in 1977. The 1979 deficit is expected to exceed the previous peak of \$37 billion in 1975 that resulted from the 1974-75 world recession. Developing countries have managed to finance current account deficits with public and private capital inflows. Such flows have also added to international reserves, which reached an aggregate level of almost \$68 billion (18 weeks' worth of imports) at the end of 1978, compared with \$42 billion (15 weeks' worth of imports) at the end of 1976.

Export volumes rose at a faster pace in 1978 than in 1977, but the rate of growth in value of exports fell to under 13 percent because of the decline in export prices for primary products. As a result, the value of imports grew more rapidly than exports in 1978. The terms of trade for developing countries are expected to worsen in 1979. The prices they pay for imported oil and manufactured goods may rise more than those for their exports of many primary products. Although prices for metals, especially copper, have been rising in 1979, prices of coffee, cocoa, and tea have been below 1978 levels. For April, the index of all export prices of primary products was 6 percent higher than it was last December. However, when deflated by the index of export prices for manufactured goods, primary commodity prices are at the same level as during the 1975 recession.

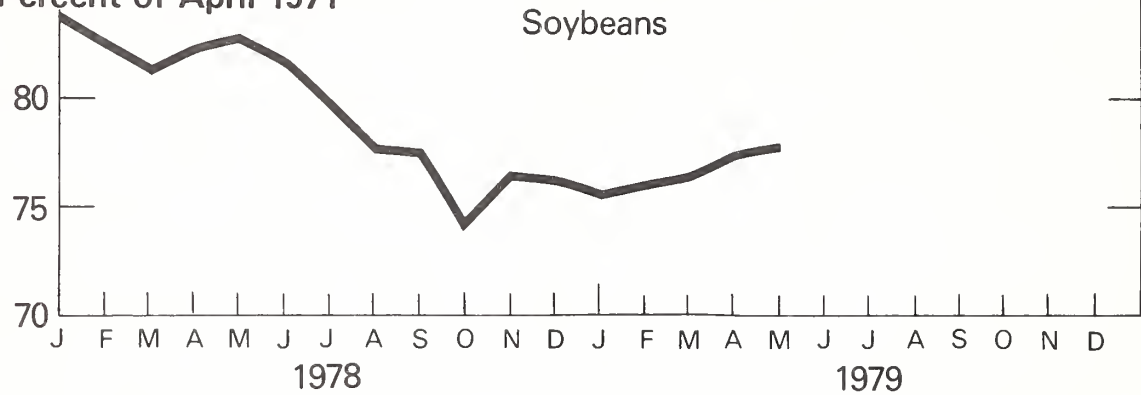
Non-OPEC developing countries have continued to borrow heavily in the private Eurocurrency markets despite rising interest rates during 1978 and 1979. The base interest rate rose from 8 percent in January 1978 to 11 percent in April 1979. However, other loan costs have been reduced and repayment periods lengthened for developing countries. Total Eurocurrency borrowings by non-OPEC developing countries in 1978 equalled \$23 billion, over double the borrowings in both 1977 and 1976. Half of all developing country borrowings were made by Mexico and Brazil. Many of these credits represent prepayments and refinancing of outstanding credits.

## OPEC and the Oil Situation

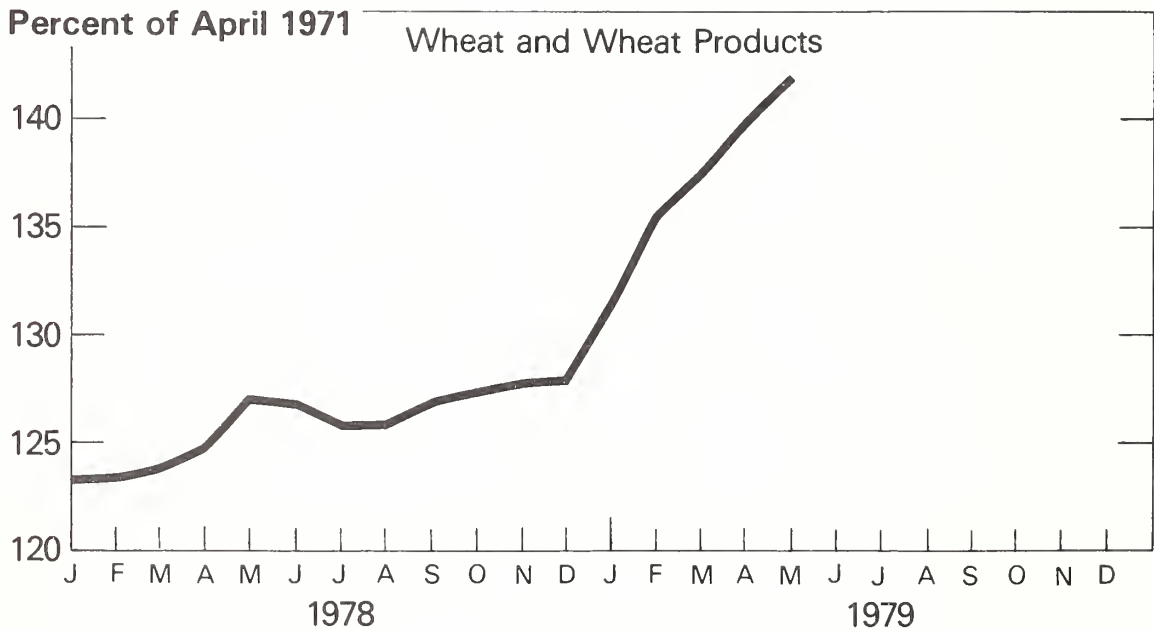
Recent oil price increases are expected to boost the current account surplus of the OPEC nations sharply in 1979 after falling to nearly zero in the last half of 1978. The combined surplus of the 13 OPEC nations is expected to be in the \$25 to \$30-billion range, compared with only \$9 billion for all of 1978. Nevertheless, many of the OPEC countries are importing much more than the value of their

# Trade-Weighted Index of Foreign Currency Costs of U.S. Exports

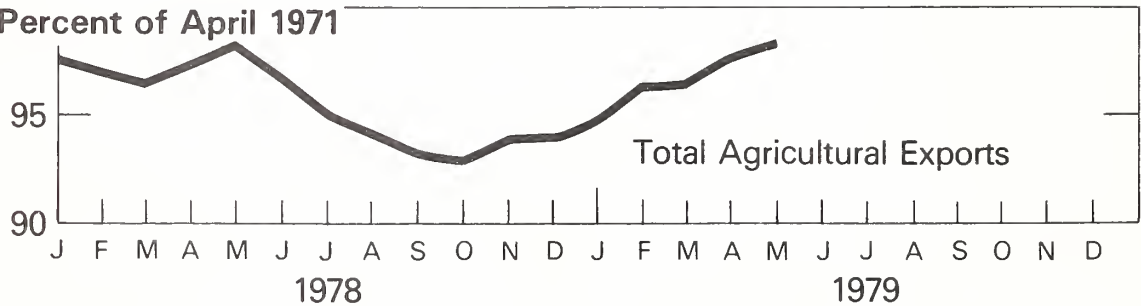
Percent of April 1971



Percent of April 1971



Percent of April 1971





total exports. Algeria, Nigeria, Venezuela, and Ecuador all had large trade deficits in 1978. To finance these deficits, private borrowings by OPEC nations on the Eurocurrency markets rose sharply in 1978 to a total of \$9.9 billion—three times the 1976 level. Algeria, Indonesia, Iran, Nigeria, and Venezuela each borrowed between \$1 and \$2 billion in 1978.

Despite high oil production in the United States and a 38-percent jump in British oil production, total oil production (excluding the centrally planned countries) in 1978 was nearly unchanged from the 1977 level of 48 million barrels per day. Total OPEC production was down 5 percent, with the major declines in Saudi Arabia, Abu Dhabi, and Iran. However, because of strong demand, oil has been selling at a premium above earlier official OPEC price scales negotiated last December.

The EC leaders agreed in March to reduce their oil consumption by 5 percent in 1979. Despite an estimated nearly 3-percent rise in total EC energy consumption in 1979, imported oil is projected to fall from 50 percent of total EC energy consumption to 47 percent because of increased production in the North Sea. Even with this lessened dependence on oil imports the EC will be adversely affected by changes in oil prices and availability. In 1978, some 16 percent of EC oil supplies came from Iran. Also, the EC nations benefited from fairly stable dollar prices which meant that oil prices expressed in national currencies fell on average about 10 percent as a result of the dollar's decline in the value. Japan's oil import needs are expected to rise by 3 percent this year. Through April 1979, oil import prices had risen 40 percent since the start of the year.

### Exchange Rates

From the beginning of 1979 through May, the dollar continued to appreciate against some major foreign currencies—particularly the Japanese yen, the German mark, and the Dutch guilder (table 3). The dollar improved most with respect to the yen. Since last October there has been an 18-percent increase in the number of yen exchanged per dollar. The favorable change resulted both from U.S. steps announced last November 1 to support the

dollar—domestic credit changes and expanded financial arrangements to provide foreign currencies with which to buy dollars on world markets—and from Japanese economic problems that included net capital outflows and inflationary pressures.

In general, the dollar has depreciated against the British pound since last November and against the Canadian dollar in some recent months. The pound has benefited from the United Kingdom's higher interest rates and favorable energy situation.

On March 13, the European Monetary System (EMS) went into effect. All European Community member countries except the United Kingdom are presently participating in this exchange rate and intervention system. The EMS members have agreed to limit currency fluctuations to 2-1/4 percent (except for Italy, which has a 6-percent margin) above or below their value in relation to the European Currency Unit (ECU), which is a basket of fixed amounts of the nine European Community currencies. Short-term credit will be available for financing interventions in EMS participants' currencies. The goal of the EMS is a zone of monetary stability in Europe and greater convergence of financial and economic policies and developments in participating countries. The EMS replaces the "snake" which had fewer countries participating in a less complex arrangement.

The trade-weighted index of foreign currency cost of U.S. dollars for total agricultural exports has risen by 6 percent since last October. In May, it was higher than in any month in 1978. This index measures the cost of U.S. dollars to those countries that are our major agricultural markets, weighted by their share of total U.S. commercial agricultural exports. For our major wheat and wheat product markets, the index has risen 11 percent since last December. Our major wheat markets, including Japan and many developing countries such as Brazil, have experienced declines in their currency values against the dollar. For soybeans, the index had declined through October 1978, but has been rising slightly as the dollar has strengthened in many of our developed country soybean markets. (*Eileen M. Manfredi*; 202-447-7590)

## COMMODITY PRICES STRENGTHEN DRAMATICALLY

International trade prices of nearly every major agricultural commodity have advanced rapidly, providing little prospect for reversing longer term food price increases.

International prices for beef, wheat, feed grains, soybeans and soybean products, and rubber are all

considerably higher than a year ago. Sugar prices are hovering at about the same level as last year. Rice prices are below a year earlier, but have recently been increasing sharply.

Developing prospects for the 1979/80 northern Hemisphere crops just planted are the major fac-

tors behind the recent upswing in prices.

Despite the recent increase in grain prices, world grain stocks remain large.

The price increases for wheat, barley, and oats have raised U.S. national average prices above the release point of the farmer-held grain reserve. In the first 4 weeks of the release operation, 1.5 million tons of wheat were withdrawn. In addition, a larger wheat crop than last year is in prospect for the United States. Nevertheless, these developments are not likely to completely offset the bullish influences of strong export demand and a 1978 wheat crop that was the smallest since 1973. Uncertainty about the likely size of the shortfall in the 1979 Soviet grain crop and reduced estimates of European grain crops have been the major cause of rising international wheat prices. In May, the U.S. Gulf port price for wheat averaged \$3.78 a bushel, 9 percent above a year earlier.

Concern over U.S. and foreign 1979/80 crops, coupled with strong demand, have also buoyed corn prices, despite the record U.S. corn crop. As of mid-June, the December 1979 futures contract price for corn was about 19 percent above a year earlier.

The reduced Brazilian soybean crop strengthened foreign demand for U.S. soybeans. In May, the Gulf ports price was \$7.63 a bushel—about the level it had been since February.

The Bangkok rice price has strengthened in recent months in response to the developing tight situation for short and medium grain varieties, but the May price of \$318 (f.o.b., Bangkok) a ton was still 28 percent lower than last May.

The cotton situation is one of strong export demand together with high domestic mill use. World cotton production in 1978/79 is lower than last year. Cotton prices are still higher than a year ago, but have eased in recent months as users anticipate larger 1979/80 production.

Among import commodities, prices of beef and rubber continue to strengthen; sugar prices are steady. Uncertainty over the extent of damage to future Brazilian coffee production from a May 30-June 1 freeze has pushed coffee prices higher recently.

The interplay of international price developments with domestic and foreign farm-level and consumer-level prices is illustrated in table 4.

During the first quarter of 1979, changes in

international prices were reflected in a 24-percent increase in U.S. farm prices from a year earlier.

U.S. farm prices for wheat, corn, soybeans, beef, and pork all registered substantial upturns from a year earlier (table 5). Rice, barley, and potato prices, however, dropped back.

While farm price levels of over \$3 a bushel for wheat and around \$7 a bushel for soybeans appear to be substantial, general inflation has been such that, in real terms, farm prices have lost ground. As indicated by table 6, farm prices for wheat and corn are at about their pre-1972 level, when deflated by the consumer price index, and at about the same level as a year earlier. Only in recent months have prices for soybeans at the farm level outpaced inflation despite reaching near-record levels.

Export and import unit values necessarily lag behind farm and international trade price quotations. Recent price trends have been of sufficient duration that export and import unit values for most commodities have moved in the same direction as international prices and U.S. farm prices (table 7). Overall, the average price of U.S. exports in the first quarter was higher than a year earlier; of prices for the major commodities, only those for flue-cured tobacco and milled rice fell. The overall import unit value was nearly steady from a year earlier, as the continued slide in the coffee import unit value was almost matched by the sharp upturn in prices of most major imports, including beef. Import unit values in Japan and West Germany, however, declined or increased relatively slowly because of delayed effects from the earlier depreciation of the U.S. dollar.

The first quarter U.S. consumer price for food was nearly 13 percent above a year earlier, as higher farm and import prices and marketing charges were transmitted through the marketing system. Bread and bakery products, fats and oils, sugar, and beef were all priced higher than they were a year earlier, while coffee prices declined.

Despite the climb in the U.S. consumer price index for food, only a few countries had smaller increases in food prices than the United States (tables 8 and 9). Moreover, U.S. consumers continue to spend a smaller share of their income on food than any other consumers. (*H. Christine Collins*: 202-447-8646)

## WORLD FERTILIZER SITUATION

A recent study examining the world fertilizer situation through 1985 by the International Fertilizer Development Center and the Tennessee Valley Authority concludes that production potential will exceed forecast consumption for

nitrogen and phosphate fertilizers. However, unless significant new capacity expansions take place in the potash industry, demand is expected to outstrip supply in 1984 and 1985 (table 10). While surplus production potential will decrease somewhat by

1985 for phosphates, the excess supply potential for nitrogen will increase considerably through the early 1980's.

### Fertilizer Prices Rise in 1979

Despite long-run surplus production potential for most fertilizers, recent demand strength and short-term supply bottlenecks have contributed to generally higher fertilizer price levels in 1979. The sharpest price increases were registered for ammonia and phosphate fertilizers. Ammonia supplies were temporarily restricted in early 1979 largely due to the loss of production after political unrest in Iran, closed ports due to severe weather in the USSR, and mechanical difficulties in Mexican ammonia plants. Buyers were forced into more volatile spot markets to obtain spring ammonia supplies as exporters invoked *force majeure* when unable to meet contract commitments.

Phosphate prices have been forced up as sulphur prices have increased dramatically. Sulphur, a major raw material for processing phosphate fertilizers, was also in short supply this winter due to lost production in Iran, frozen ports in Poland, and snowbound railroads in Canada. Furthermore, sulphur produced by the Frasch process, popular in the United States, is increasingly more costly due to the hefty quantities of expensive natural gas

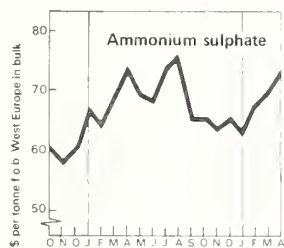
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Strong demand has also contributed to higher prices. The U.S. and Canadian spring seasons were apparently considerably brisker than last year despite another wet, late spring. Demand for urea and diammonium phosphate (DAP) has been very heavy owing to large purchases by such important buyers as India, China, and Brazil. Prices appear to have reached their seasonal peaks and some prices have begun to decline, particularly DAP and ammonia.

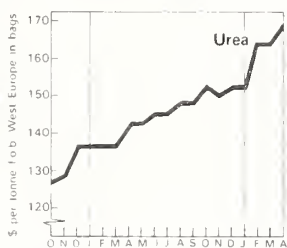
### Soviet Fertilizer Output Falls

During the first quarter of 1979 mineral fertilizer production in the Soviet Union fell by nearly 14 percent, compared with the same period in 1978. This serious production shortfall by the world's largest fertilizer producer makes achievement of 1979 Soviet fertilizer production goals unlikely. Nevertheless, Russian fertilizer exports to the West are scheduled to increase dramatically this year. Ammonia contracts alone call for doubled exports in 1979, compared with 1978. It is apparent that the Soviet Union will face considerable difficulty both in fulfilling its export commitments and in delivering targeted fertilizer tonnages to Soviet agriculture. (Richard Rortvedt, *National Economics Division*: 202-447-6620)

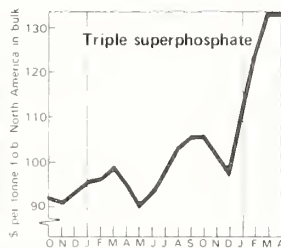
## Recent International Price Trends for Principal Fertilizers 1977-1979



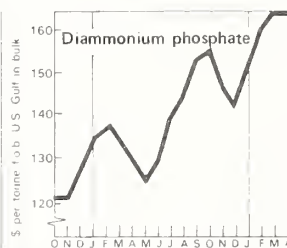
European prices have increased again with the exception of Nitro+ sales to Brazil which are still priced at \$81.82 per tonne c & f in bulk



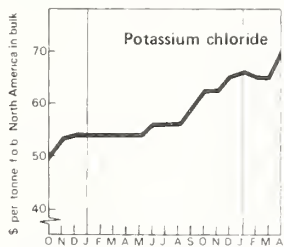
The urea market shows no significant signs of weakening, supported by a steady demand from the Indian subcontinent



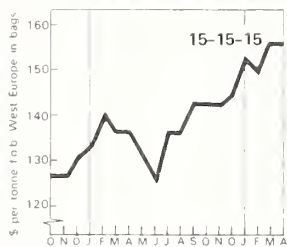
There has been very little activity in the international market but prices have held up because of restricted supply



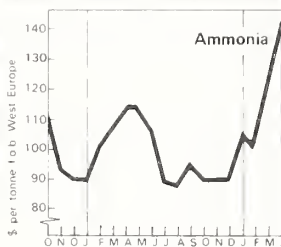
U.S. export prices for bulk DAP eased slightly in April but still held above \$160 per tonne f.o.b. Increased demand for Brazil should support prices in June



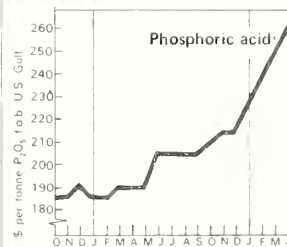
Producers are pushing for at least a 10% increase on contract business



Offers of E.C. European compound fertilizers are generally \$10 per tonne lower than West European price levels



The close of the season in the U.S. and an easing of the supply problems in Europe have contributed towards a turn in the ammonia market and prices should now start to fall



The rising price of phosphoric acid reflects the tight market and higher sulphur prices

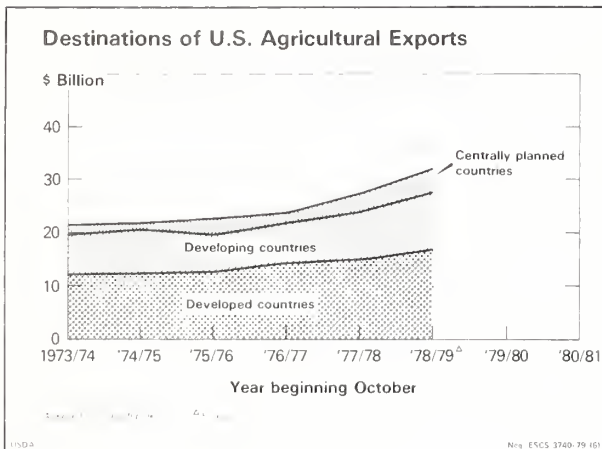
SOURCE: British Sulphur Corporation, *Fertilizer International*, No. 120, June 1979, p.2.



## U.S. AGRICULTURAL TRADE<sup>2</sup>

### Agricultural Export Boom Continues

U.S. agricultural exports are expected to increase from \$27 to perhaps over \$32 billion in fiscal 1979. The volume of major commodities is expected to increase 5 percent (tables 11 and 12). Thus, higher unit values will account for most of the value gain.



Exports to all major regions are expected to expand. The sharpest gains are likely for shipments to China, East Asia, and Eastern Europe.

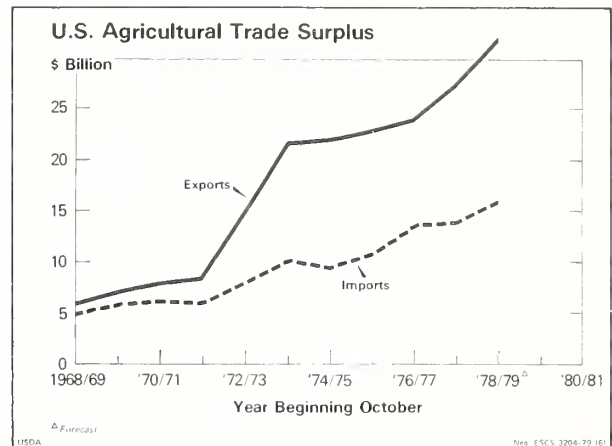
Soybean exports are expected to increase 11 percent in volume. Shipments to Western Europe are likely to rise a tenth as poultry and hog industries continue to expand. Exports to Japan may increase marginally. Strong gains are expected for shipments to Taiwan, Korea, Mexico, Canada, and the USSR.

U.S. wheat exports are expected to face stiff competition in the second half, and fiscal 1979 exports may be slightly below the year earlier volume. Exports to the EC and South America are likely to decline from fiscal 1978's record high, while the USSR is expected to take above the minimum required by the U.S.-USSR grain agreement. Wheat exports are expected to increase to China, Japan, and the developing countries of Asia.

Feed grain exports are now expected to increase 3 million tons in fiscal 1979, with China accounting for much of the increase. Exports to the USSR are now expected to exceed last year's 11 million

tons, and shipments are expanding to East and Southeast Asia, Japan, and Eastern Europe.

Rice exports are likely to expand a fourth to a record volume. Exports are expected to rise to Africa, the Arabian Peninsula, Korea, the United Kingdom, Portugal, and Belgium/Luxembourg.



Fiscal 1979 cotton exports are expected to total near last year's 1.3 million tons. Shipments to China and Egypt are expected to increase substantially. Shipments may decline to the developing countries of East and Southeast Asia, Western Europe, and Canada. Exports to Japan are expected to remain near the fiscal 1978 volume.

A 10-percent volume gain is anticipated for tobacco exports. The EC will account for most of the rise, but increases are expected for most major markets except Japan and Thailand.

Exports of animals and animal products are expected to increase about 27 percent in value. Higher prices account for most of the growth. The smaller U.S. cattle slaughter is reducing the availability of tallow and hides for export.

### Imports May Increase 15 Percent

U.S. agricultural imports are expected to reach \$16 billion in fiscal 1979, up from \$13.9 billion last year. Value increases are expected for all major products, with competitive items accounting for most of the gain.

Meat imports are expected to increase 13 percent in volume and over 40 percent in value. Sugar imports are expected to increase significantly in value and volume. Coffee imports may rise 22 percent in volume, but little value increase is likely. Cocoa import volume may increase almost a third. (Sally Breedlove Byrne: 202-447-8260)

<sup>2</sup>This section is based largely on the more detailed review contained in the May 18, 1979, *Outlook for U.S. Agricultural Exports*, published by the Economics, Statistics, and Cooperatives Service and the Foreign Agricultural Service.

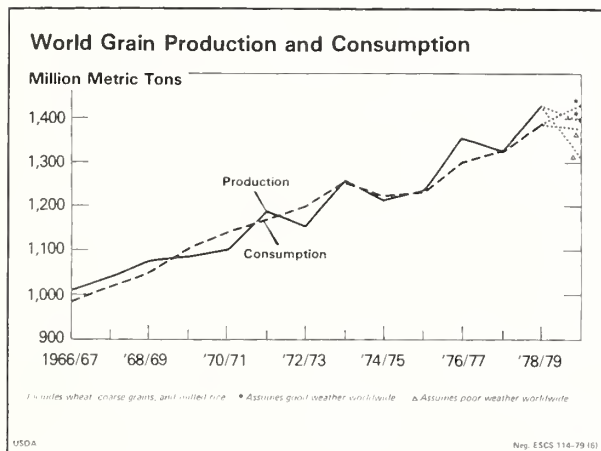


# WORLD GRAIN PRODUCTION FORECAST DOWN

## Review of 1978/79

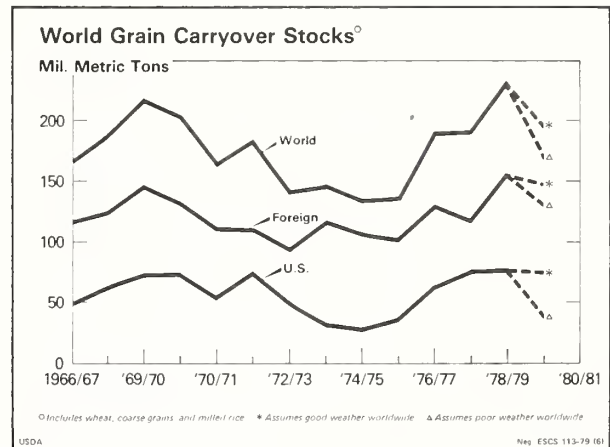
World grain production (including milled rice) in 1978/79 is estimated at 1,429 million tons, 8 percent above last year's outturn, and more than 5 percent above 1976/77's record output (table 13). Favorable weather during the past year increased yields and resulted in record crops in a number of regions, particularly the Soviet Union, Australia, Western Europe, and the United States. Most other regions had large, if not record crops. The only major exceptions to the excellent crops occurred in Brazil, which experienced a second year of drought in coarse grain producing areas, and in the Western Sahel.

World total grain utilization grew at about 5 percent between 1977/78 and 1978/79 to a record 1,392 million tons. With world population growth at around 2 percent per year and total grain utilization growth at 5 percent, world per capita use of grain increased in 1978/79 by about 3 percent.



Despite the large, widespread production increases, world trade in grain expanded roughly 3.6 percent between 1977/78 and 1978/79. This increase resulted from several factors, some of which include: Increased purchases of wheat and corn by the People's Republic of China (PRC); large amounts of corn purchased by the Soviet Union as a result of a disappointing corn harvest and growing livestock requirements; heavy purchases of rice by South Korea; growing population in Asian, African, and Latin American nations; and larger imports financed by petroleum revenues in Middle Eastern countries.

World carryout stocks of grain in 1978/79 are estimated at a record 229 million tons, an increase of 20 percent over last year. The level of world



carryout stocks, relative to use, rose to 16.5 percent in 1978/79. This is above the average of 16.3 percent for the years 1969/70-71/72. During the previous record production year of 1976/77, carryout grain stocks equaled only 14.7 percent of world utilization; during 1975/76 the percentage dropped to 11.1 percent.

## Outlook for 1979/80

### Total Grains

Current forecasts of 1979/80 world grain production are well below earlier expectations of a moderate decline from the bumper harvest of 1978/79. World grain production may fall between 2.5 and 8 percent, to between 1,395 million—under Alternative I, the relatively favorable worldwide weather scenario—and 1,313 million tons—under Alternative II, the relatively unfavorable worldwide weather scenario. The range of grain utilization forecast under these weather assumptions—between 1,432 million tons (Alternative I) and 1,376 million tons (Alternative II)—suggest that carryover grain stocks at the end of 1979/80 could be 16 to 28 percent lower than 1978/79's 229 million tons. Such a carryover would represent between 13.4 and 12.1 percent, of total utilization, compared with 16.5 percent in 1978/79. These data imply an increase of between 3.5 and 10 percent in total world grain trade.

The heavy concentration of world grain stocks in the United States and grain handling problems in some other grain exporting countries makes it likely that the United States will supply the greatest part of the prospective increase in the world's grain import needs in 1979/80. However, the expected record-large 1979/80 export volume

combined with possible fuel shortages could generate transportation difficulties in the United States as well.

## Wheat

World wheat production in 1979/80 will be below 1978/79's outturn (table 14). Under Alternative I, world wheat production in 1979/80 is forecast at 420 million tons in 1978/79. Under Alternative II, world wheat production is 12 percent below 1978/79's outturn of 385 million tons.

World Wheat Supply And Utilization

	1977/78	1978/79	1979/80	
			Alt. I	Alt. II
	Million Metric Tons			
Production				
U.S. . . . .	55.4	49.0	57	49
Foreign . . . . .	326.4	388.6	368	330
World . . . . .	381.8	437.1	420	385
Imports . . . . .	72.9	71.5	72	82
Exports				
U.S. . . . .	31.1	31.5	31	37
Foreign . . . . .	41.8	40.0	40	43
World . . . . .	72.9	71.5	72	82
Utilization				
U.S. . . . .	23.4	23.6	25	22
Foreign . . . . .	372.1	392.0	395	382
World . . . . .	395.5	415.6	425	405
Ending Stocks				
U.S. . . . .	32.0	25.1	26	16
Foreign . . . . .	52.6	81.4	75	66
World . . . . .	84.6	106.5	100	86

Although it is too early to make a precise forecasts for 1979/80, some indications—especially for winter wheat—are becoming evident. Wheat area for the major competitors of the United States—Canada, Australia, and Argentina—is projected to increase between 5 and 7 percent. In Canada, the initial wheat payment was retroactively increased by 50 Canadian cents per bushel on 1978/79 wheat and will be continued in 1979/80. In addition, unrestricted delivery of feed grains to elevators will be curtailed. However, weather related delays in planting resulted in a shift from wheat into barley and rapeseed. Argentina has also changed its grain support policy for 1979/80 to link the support price to the wholesale price index, thus maintaining real support prices. Previously Argentine farmers received a support price of 80 percent of the f.o.b. price, which resulted in a decline in real prices for Argentine farmers because of rampant inflation. The low price for oats and barley relative to wheat in Australia implies an expansion in Australian wheat area at the expense of coarse

grain area. Despite expected increases in area, wheat production in these countries is forecast below that in 1978/79 because yields are expected to drop to trend levels from 1978/79's exceptional highs.

Winter grains in Western Europe were sown under mixed weather conditions, and French winter wheat suffered frost damage. Spring rains hampered sowing this spring, making likely a shift from wheat into spring coarse grains, especially corn. With planting difficulties and a return to lower trend yields, Western European wheat production is forecast to decline substantially from last year's record high.

Current spring crop conditions in the Soviet Union appear to be poorer than last year. Wet, cool weather delayed planting last fall and early this spring. In addition, above-normal winterkill was reported. Warm, dry weather set in across most of European USSR in May and mid-June which sharply reduced soil moisture supplies. Thus, Soviet wheat production will not likely match last year's record crop.

Crop prospects in Eastern Europe are not optimistic. Grain seeding in the northern countries of Eastern Europe was hampered by wet conditions during both the fall and spring. In the southern Eastern European countries, fall wheat seeding was hurt by dry conditions, but conditions improved in those areas during the winter and spring months.

In other major areas of the world, current conditions imply good crops in 1979/80. In China, fall sowing was hindered by dry conditions, but spring rainfall has improved winter wheat prospects substantially. Turkey is forecast to harvest a near record wheat crop, while India is likely to reap a fourth consecutive record crop. In the Middle East, wheat area has expanded, but below average soil moisture will hurt the crop if rainfall is below normal during the spring months. Reductions in output are forecast for Iraq, Israel, Jordan, Lebanon, and Syria. In North Africa, January rainfall improved the production forecast; Algeria and Tunisia both benefited from the rain which will also likely improve yields in Morocco enough to offset a reduction in seeding.

World wheat utilization in 1979/80 is forecast to range between a 2.3-percent increase under Alternative I and a 2.6-percent decline under Alternative II. The former would allow for gains in per capita consumption of about 1 percent, and for increased feeding of wheat to livestock. The latter implies a decline in per capita use of about 4 percent.

World wheat trade is forecast to remain about the same as in 1978/79—about 72 million tons—under favorable weather assumptions. Wheat

exports by the United States under this scenario would decline about half a million tons from the 31.5 million tons exported in 1978/79. With the crop shortfalls around the world implied by Alternative II, world import demand for wheat would rise to 82 million tons; U.S. wheat exports would increase to 37 million tons.

For Alternative I world wheat carryout stocks are 6.5 million tons lower, while for Alternative II they are 20.5 million tons below 1978/79 ending stocks. With favorable weather, foreign wheat stocks are expected to decline 6.4 million tons, while U.S. stocks are forecast to rise 900,000 tons. With unfavorable weather, the United States and foreign countries would draw-down stocks by 9.1 and 15.4 million tons, respectively.

Cash and futures prices already reflect tighter 1979/80 supplies in the form of sharply higher prices for wheat in the United States. In late May the price of wheat had risen above the \$3.29-per-bushel release price for the farmer-owned reserve. Thus, U.S. farmers were permitted to sell their portion of the reserve at least through June 30, 1979. During the first 4 weeks of the release period, 1.5 million tons of wheat were released to the market.

### Coarse Grains

Both the favorable and unfavorable weather scenarios indicate world coarse grain production in 1979/80 will be below 1978/79's outturn (table 15). Compared with the 742 million tons currently estimated for 1978/79, world coarse grain production

in 1979/80 under the favorable weather scenario is forecast at 731 million tons, and with unfavorable weather, 687 million tons.

With the Southern Hemisphere 1978/79 coarse grain crops just harvested, and the Northern Hemisphere crops at midseason, crop forecasts at this time must be very conditional. In general, the emerging picture is one of reduced area and of yields declining closer to trend levels. Therefore, lower production is to be expected in 1979/80. In Canada, production of coarse grains is forecast to decline as a result of lower yields.

In Australia high prices for wheat relative to barley may encourage a shift into wheat at the expense of barley. It is too early to forecast the change in coarse grain area in Brazil and Argentina; however, with strong import demand for soybeans and soybean products, South American farmers may be encouraged to plant soybeans at the expense of corn and sorghum, especially if the planting of coarse grains is hampered by wet weather. Strong export demand for Thai corn, especially from Taiwan and Japan, has strengthened Thai prices and could lead to a further expansion of output.

In Western Europe, heavy spring rains hindered planting progress of barley, oats, and spring wheat; thus, a shift into corn occurred. Much of the weather-related seeding difficulties in the USSR last fall occurred in winter rye areas. This, combined with the reports of higher-than-normal winterkill of winter wheat, could favor increased spring barley area, but yields in 1979/80 are not likely to be as high as last year because spring plantings were hampered by rain.

World utilization in 1979/80 is forecast at 754 million tons under Alternative I, and 722 million tons under Alternative II, compared with 729 million tons in 1978/79. Utilization of coarse grains in livestock feeding is forecast to expand strongly in a number of regions.

The agreement by Thailand to restrict manioc exports to the EC at the 1978 level of 6 million tons will likely increase the grain content of swine and poultry feeds. Reduced use of manioc in swine feeds could increase grain use. In Japan, compound feed production is forecast to rise between 3 and 7 percent, and should increase the demand for coarse grains in livestock feeds until the Japanese rice disposal scheme begins to substitute rice for coarse grains late in 1980.

Utilization of coarse grains in the Soviet Union is expected to continue its historical rate of increase, although a poor crop could restrict growth. Eastern European livestock inventories have expanded and will require heavy feeding of coarse grains in 1979/80. Increases in the use of coarse grains in the Middle East and Asia are fore-

World Coarse Grain Supply And Utilization

	1977/78	1978/79	1979/80	
			Alt. I	Alt. II
	Million Metric Tons			
Production				
U.S. . . . .	203.8	218.0	217	179
Foreign . . .	493.6	522.8	525	495
World . . . .	697.4	740.8	731	687
Imports . . . .	83.3	87.4	91	99
Exports				
U.S. . . . .	52.1	56.2	62	70
Foreign . . .	31.2	31.2	32	28
World . . . .	83.3	87.4	91	99
Utilization				
U.S. . . . .	136.9	153.2	159	138
Foreign . . .	551.3	576.1	595	584
World . . . .	688.2	729.3	754	722
Ending Stocks				
U.S. . . . .	41.3	47.1	44	19
Foreign . . .	44.2	50.0	46	40
World . . . .	85.4	97.1	76	64



cast to continue as population expands, and as income transfers resulting from increased oil revenues stimulate demand for coarse grains for both human food and livestock feed.

World trade in coarse grains is forecast to expand in 1979/80 under both scenarios. Under Alternative I, world coarse grain trade expand, by 3.6 million tons to 91 million tons and, under Alternative II, reaches 99 million tons. With abundant world supplies, the United States will export 62 million tons in 1979/80 (July/June), compared with 56 million tons in 1978/79. With poor crops and strong foreign import demand, U.S. coarse grain exports would rise to 70 million tons.

The strong export demand is spread among several countries. China, the USSR, and Eastern Europe are forecast to be large importers of coarse grain. Growth in the Middle East and Asian markets is expected to continue strong. The restrictions against increased manioc imports into the EC will likely boost import demand for corn unless EC barley, corn, and wheat are priced cheaply relative to imported corn. Japanese purchases of corn and sorghum are forecast to

remain large despite operation of its rice disposal scheme.

World carryout stocks of coarse grains are forecast to decline under both weather scenarios. With favorable global weather, carryout stocks decline from 97 million to 76 million tons. With unfavorable weather, the stock drawdown is more severe, down to 64 million tons. Futures prices for corn have increased, reflecting the tightened world grain situation in 1979/80.

## Rice

Forecasts of the world rice market for 1980 are extremely difficult this early. In general a pattern similar to that for wheat and coarse grains is likely. Thus, world production may be down slightly as yields return to the trend level and area is reduced (table 16). Prospective plantings in the United States for April imply a 4-percent reduction from last year's record area. Indonesia, Burma, and Bangladesh are not likely to have crops equal to the highs of 1978/79. World trade and U.S. exports are expected to expand into 1979/80. (*Philip L. Paarlberg: 202-447-8646*)

## CONTINUING RECORD SUPPLIES OF MEALS AND OILS

### Production

World production of protein meals (44 percent soymeal equivalent) and total fats and oils for 1977/78<sup>3</sup> are estimated to have been records and above their 1965-77 trends by 8 and 4 percent, respectively. For 1978/79, records are again forecast for both protein meals, 10 percent above the 1965-77 trend, and for total fats and oils, 6 percent above trend. Very large increases in both the 1977 U.S. soybean and cottonseed crops and record 1978 Argentine soybean and sunflower production more than offset an 18-percent reduction in the 1978 Brazilian soybean crop by drought, the first decline in 18 years.

World production increases for protein meals indicated for 1978/79 are expected to be less than

<sup>3</sup>The split year refers to slightly different periods for production and stocks and for trade. In 1978/79 for example, production of meals and oils, oilseed crops harvested in the fall of the 1978, and oilseed crops harvested in the spring of 1979 are combined with 1979 calendar-year output of products of coconut, palm, and fish. Stocks changes and U.S. trade relate to the U.S. marketing year, from October 1978 to September 1979 for meal and oil and from September 1978 to August 1979 for soybeans. All trade other than of the U.S. is for the 1979 calendar year. Of necessity, consumption estimates are computed from production and trade figures referring to different periods.

### Selected northern hemisphere oilseed crops

	Preliminary 1977/78	Estimated 1978/79	Percentage change
<i>Million tons</i>			
U.S. soybeans . . . . .	48.0	50.1	4
U.S. sunflowers . . . . .	1.3	1.7	25
U.S. cottonseed . . . . .	5.0	3.8	-24
U.S.S.R. sunflowers . . . . .	5.9	5.3	-10
Canadian rapeseed . . . . .	2.0	3.5	75
Indian peanuts . . . . .	6.1	6.2	+3
Senegalese peanuts . . . . .	.67	1.1	+64

### Selected southern hemisphere oilseed crops and continuous production crops

	Estimated 1977/78	Estimated 1978/79	Percentage change
<i>Million tons</i>			
Brazilian soybeans . . . . .	10.0	11.0	11
Argentina soybeans . . . . .	2.7	3.8	41
Edible vegetable oils . . . . .	1.5	1.9	23

### World total production

	1977/78 estimate	1978/79 forecast	Percentage change
<i>Million tons</i>			
High protein meals . . . . .	78.8	83.4	6
Total fats and oils . . . . .	52.7	54.9	4
Edible vegetable oils . . . . .	35.3	37.7	7



one-half of those for 1977/78, but are, nonetheless, about twice the average annual increase during 1965-77. The 1978 U.S. soybean crop increased only 5 percent above the record level of the previous year; drought reduced the 1978 U.S. cottonseed crop by one-fourth. Other important increases for 1978/79 include the 1978 Senegalese peanut crop, 1979 Malaysian palm oil production, and the 1978 Canadian rapeseed crop, yet another record. Unfavorable rainfall last year is expected to reduce 1979 Philippine copra production by 10 percent to 2.4 million tons.

Crucial to the 1978/79 oil and meal situation are the Southern Hemisphere crops that have been harvested recently. For the second consecutive year, drought seriously reduced the 1979 Brazilian soybean crop below early expectations. However, the 1979 Argentine crop is estimated to have increased by almost one-half due to greatly increased area and good growing conditions.

Meal and oil production, consumption and stocks

	Preliminary 1976/77	Estimated 1977/78	Forecast 1978/79
<i>Million tons</i>			
World production meals . . . . .	66.5	78.8	83.4
Change U.S. soymeal stocks (market yr.) .	-3.2	1.2	-3
Apparent world meal sumption . . . . .	69.7	77.6	83.7
World production edible vegetable oils . . . . .	30.8	35.3	37.7
Change U.S. soyoil stocks (market yr.) .	-.9	.3	0
Apparent world vegetable oil consumption . . .	31.7	35.0	37.7

It is too early to forecast meal and oil production for 1979/80. However, available indicators again point to record availabilities of protein meals and fats and oils. Planting intentions of U.S. farmers for 1979 crops include a more than 7-percent increase in soybeans and cottonseed areas; a 75 percent increase is intended in sunflower area, while peanut area may remain unchanged. Canadian farmers also intend to further expand rapeseed area by 14 percent. Normal weather in Brazil likely will result in a one-fourth increase in soybean production, and Argentine soybean production is expected to continue its rapid expansion.

#### Prices and Disappearance

In spite of abundant supplies of meals and oils for 1977/78, prices remained comparatively strong (table 17) and U.S. soymeal and soyoil carryover stocks for the 1977/78 marketing year increased

only 1.2 million tons and 400,000 tons, respectively.<sup>4</sup> Conversely, apparent world consumption (world production adjusted by the change in U.S. soy stocks) of both protein meals and edible vegetable oils increased by 11 percent in 1977/78.

Continuing increases in pork and poultry production are an important factor in the high level of world protein meal use. However, protein meal use for 1977/78 is estimated to have expanded more rapidly than meat production, particularly in the EC. EC import levies on feed grains result in incentives for use of low-protein grain substitutes, particularly manioc, which require increased protein meal usage. EC imports of manioc were up by almost one-half in 1978 to over 5 million tons. Also, the decline of the U.S. dollar during 1978 against the currencies of Japan, Germany, the Netherlands, and other major importers of soybeans and meal had a major impact. For example, the price of soymeal in Deutschemarks (DM) was 24 percent lower during 1977/78 than in the previous year, and actually 10 percent lower than the corn price. Lower priced meal and increased feeding of cheap grain substitutes improved margins for meat producers during 1978 and led to increased animal numbers, particularly of pigs. The decline in the ratio of the soymeal price to the corn price resulted in increased substitution of soymeal for corn in the EC.

Forecast supplies of meal and oil for 1978/79 are even more ample than for 1977/78, yet prices have remained firm into June. In fact, during the 1978 U.S. harvest, Rotterdam soybean prices (quoted in dollars) were 25 to 30 percent higher than a year earlier. For the 1978/79 marketing year, U.S. soyoil stocks are forecast to remain unchanged and soymeal stocks are forecast to decline slightly.<sup>4</sup> Apparent world consumption of both protein meals and edible vegetable oils is expected to increase yet another 8 percent in 1979.

Several factors underlie the large, but reduced rate of growth in consumption of protein meal forecast for 1978/79. The long cold winter and late spring in Europe resulted in significantly increased feeding of compound feeds to dairy cattle. Also, numbers of pigs and layer hens in the EC have increased towards a cyclical peak occurring probably during 1979. However, soymeal prices are expected, on average, to be above 1978 levels and last year's sharp depreciation of the dollar is very unlikely to recur. The availability of manioc in 1979 also is certain to be reduced somewhat below 1978 levels.

<sup>4</sup>Including the meal or oil content of soybean stocks.

Although soybean prices are expected to be higher in 1979, effective exchange rates still transform prices into attractive levels in most major foreign markets. Firmness in soybean prices also probably results from U.S. farmers' early reluctance to sell and the unexpectedly large reduction in the Brazilian soybean crop.

### Trade

U.S. exports of soybeans and products were strong during the 1978 U.S. marketing year and remained so into the summer of 1979. For 1977/78, U.S. soybean exports increased one-fourth to 19.1 million tons, and exports of soyoil and soymeal were up by one-third each to 933,000 tons and 5.5 million tons, respectively. The emergence of South

American soybean production in recent years has shifted U.S. disappearance towards the first half of the marketing year. The 1978 and 1979 Brazilian shortfalls will intensify this phenomenon for 1978/79 and 1979/80. Almost all the South American soybeans from the 1978 crop were exported by the end of the year, and meal exports from Brazil were much reduced during early 1979. The United States was almost the only supplier of soybeans and meal through March. U.S. soybean exports for 1978/79 were unexpectedly high in the first half. However, since mid-April, availability of South American soybeans have significantly reduced U.S. export levels. U.S. soybean, soymeal, and soyoil exports for 1978/79 are forecast at 21.7 million tons, 5.8 million tons, and 975,000 tons, respectively. (Gene R. Hasha: 202-447-9160)

## WORLD CATTLE HERD REBUILDING

Forecasts for 1979 indicate increased world meat production as a result of higher levels of pork and poultry output. Total 1979 beef production in the major beef importing and exporting countries (i.e., United States, Canada, EC, and Japan; Mexico, Central America, Argentina, Australia, and New Zealand) is expected to total 25.1 million tons. This 6-percent drop from 1978 is expected to result from declining world cattle numbers combined with herd rebuilding in the leading producing countries beginning this year. Furthermore, rising worldwide beef prices likely will be an incentive to herd rebuilding during the early 1980's.

Beef production in the *United States* is expected to decline approximately 10 percent from the 1978 level of about 11.3 million tons. Cattle numbers have declined to 111 million head from the 1975 peak of 132 million. The drop in production stems from a decline in overall cattle slaughter as the result of sharply reduced slaughter of nonfed steers, heifers, and cows and a slight decrease in fed cattle slaughter. Average slaughter weights will increase because of a rise in the proportion of fed to nonfed cattle slaughter.

In 1979, beef and veal production in the *EC* is expected to remain near the year earlier level. The level of intervention stocks is declining due to high world beef prices. The 1978 stocks reached a high of 325,000 tons, product weight, but reports as of May 1 this year indicate stocks are approximately 145,000 tons. The existence of large stocks of dairy products in the *EC* influences the entire *EC* livestock situation. Although intervention stocks for nonfat dry milk were the lowest since 1975, butter stocks were almost twice as large as last year's stocks. Subsidies designed to increase dairy

consumption have been less effective than anticipated, and adoption of effective measures to reduce *EC* dairy surpluses that might bring about reduction of the dairy herd would probably increase the *EC* beef supply.

The slaughter rate for cattle in many of the major exporting countries (Australia, New Zealand, and Argentina) is expected to decline during the second half of 1979. Declining cattle numbers and a downward trend in beef production limit supplies available for export. Supplies of beef for import by the United States are expected to be tight in 1979 and additional imports will not compensate entirely for the decline in U.S. beef production. However, rising output of pork and poultry is expected to support a reduction in beef's share of meat consumption while maintaining the level of U.S. per capita consumption of total meat.

Developments in the major exporting countries parallel the developments in the United States. Slaughter rates for 1978 in *Australia and New Zealand* were higher than anticipated despite higher prices and good weather that ordinarily dampen herd liquidation. Consequently, combined cattle inventories in these two countries were reported to be 35.7 million head, lower than a year earlier. The cattle herd may stabilize this year, but the total inventory at the beginning of 1980 probably will be a little below that at the beginning of 1979. Smaller inventories and herd rebuilding are expected to reduce 1979 beef production and boost beef prices. In 1980, Australian beef production and exports are expected to decline 15 to 20 percent. New Zealand probably will stabilize its cattle herd through 1980/81. Production of beef is expected to decline by 9 percent in 1979. Exports

from New Zealand to the United States and Canada are anticipated to increase, while exports to other countries may be severely cut back in 1979.

*Mexican* beef production is expected to decline in 1979 as a result of the 1978 drought. In January, Mexico temporarily banned beef and live cattle because of a problem of pesticide residues in their beef shipments and high retail beef prices in Mexico City. Until Mexico implements a national biological residue program that makes their plants eligible to ship beef to the United States, beef exports will be considerably reduced from the 1978 level.

*Argentina* reached a peak level of cattle slaughter in 1978, approximately 16.5 million head, in response to increased export demand and higher prices. Conditions will now likely encourage herd rebuilding, and the rate of slaughter is expected to diminish in the second half of 1979. A 4-percent

reduction of beef production is forecast, to 3.1 million tons. Nevertheless, this is a sizable level of production for Argentine beef. The prospective decline in beef production results from expected reduced slaughter during the second half when producers will likely end the liquidation of their herds.

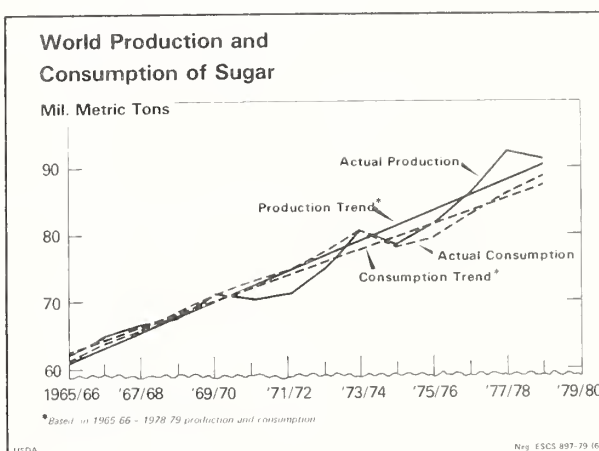
Declining beef production is expected for the major producing countries. Consequently, worldwide beef prices will continue to rise and conditions will be favorable for the start of herd rebuilding. Herd rebuilding by exporting countries will accentuate production declines and tighten export supplies of beef. The situation for the future, after cattle herds are replenished, may indicate that 1979 was the start of a new phase of the production cycle for several of the major cattle producing countries. (*Jan Lipson and Donald W. Regier: 202-447-9160*)

## SUGAR PRODUCTION DOWN BUT STOCKS STILL LARGE

World sugar output in 1978/79 is estimated at 91.3 million tons (raw value), a 1-percent reduction (table 18), but stocks will still rise by almost 1 million tons, accumulating to 31.1 million by the end of this season. With the inordinate stocks-to-consumption ratio of 35 percent, prices continue low. The London price for raw sugar (Caribbean basis) is below 8 cents a pound and, allowing for U.S. dollar depreciation, actually is less than the May 1978 price.

Major changes in production estimates since December include upward revisions for India (almost 900,000 tons), the Philippines (200,000 tons), and the EC (about 500,000 tons). Chinese production estimates for recent years have been revised downward.

Area for sugar production in 1979/80 likely will be less than in 1978/79, creating the possibility of a cutback in heavy world stocks. India's large cane area is to be reduced some 6 percent, to 2.9 million



World centrifugal sugar production and consumption and 1965/65-1978/79 linear trend

Year	Production		Consumption	
	Actual	Trend	Actual	Trend
Million tons				
1969/70-1971/72.	70.9	72.3	73.0	72.1
1975/76 . . . . .	81.6	83.6	79.3	81.7
1976/77 . . . . .	86.2	85.8	83.0	83.6
1977/78 . . . . .	92.4	88.1	86.2	85.6
1978/79 . . . . .	91.3	90.4	89.0	87.5

<sup>1</sup> Estimate.

hectares. Brazil's output of sugar will be 10 percent less; instead, Brazil's alcohol production (for "gasahol") will be raised 40 to 50 percent to 3.8 billion liters (3.1 billion from sugarcane). Cuba's sugar output for now continues to be placed at 6.5 million tons. Adverse weather delayed sugarbeet seeding in the USSR and dry weather has been experienced in the Ukraine, the major beet-growing area. U.S. sugar production could be 2 to 9 percent less in 1979, as beet plantings will be down (mostly where beet processing facilities are closing). U.S. shipments of competitive HFCS (high fructose corn sirups) are forecast to rise 15 to 25 percent in 1979, and HFCS processing facilities are to be expanded.

World sugar trade will likely be higher in 1979, with more imports for the United States, USSR,

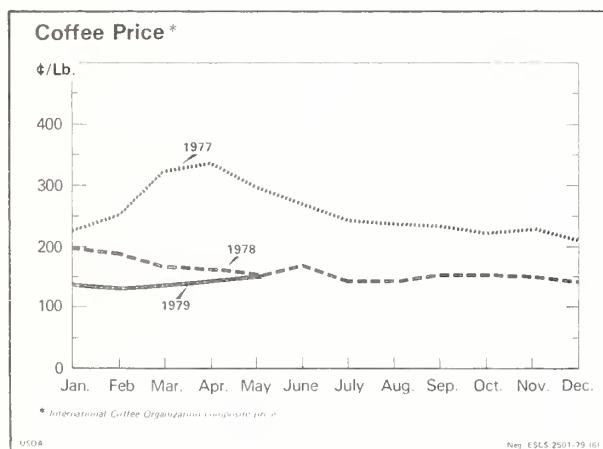


and perhaps Iran. U.S. imports are expected to equal about 5 million tons, compared with 4.3 million in 1978. The delay in U.S. ratification of the International Sugar Agreement (provisionally in force since January 1978) adds to the uncer-

tainty about world sugar prospects in 1979/80. Authority to ratify awaits congressional approval which is tied closely to the adoption of new domestic sugar legislation. (Robert D. Barry, *National Economics Division*: 202-447-7134)

## MORE COFFEE AND LESS COCOA

The 1978/79 world coffee crop has been re-estimated upward to 75.3 million (60-kilogram) bags, 7 percent above last season (table 19). The 1979/80 crop is forecast to be only 4 percent higher because Ecuador's output will be down about 10 percent, and Brazil's crop will rise to only 22.5 million bags, compared with its 24 to 26-million potential prior to the August 1978 freeze. The May 30-June 1 freeze in Brazil had little effect on the current crop, but is reported by the Brazilian Coffee Institute as having reduced the country's 1980/81 estimated potential of 25 to 28 million bags by about one-fourth. It also prompted Brazil and Colombia to temporarily halt export registrations until a more definite estimate of the damage becomes available. Nevertheless, world exportable production (production minus domestic consumption) in 1978/79 and in 1979/80 likely will be up about 9 and 4 percent, respectively.



Coffee prices have risen recently from early 1979 levels, partly as a result of increased disorders in Africa, concern about robusta coffee availabilities, and higher Brazil-Colombia minimum export prices. The International Coffee Organization composite price for coffee (the four major varieties) averaged \$1.51 in May 1979, compared with \$1.62 for all of 1978.

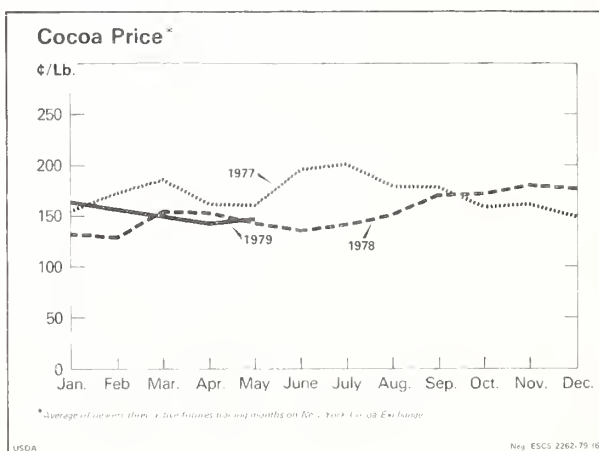
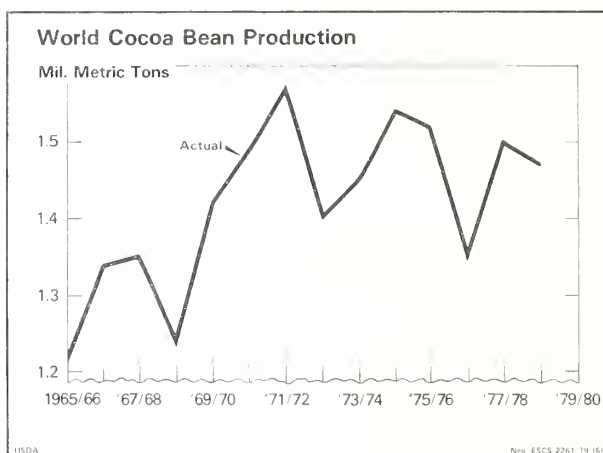
The U.S. imported 18.1 million bags of green coffee valued at \$3.73 billion in 1978, about 22 percent more in volume, but costing 3.5 percent less than in 1977 (table 20).

World cocoa production of 1.48 million tons in 1978/79 is higher than earlier forecast but still 1.5 percent below last season as a result of weather problems in Ghana and Nigeria (table 21). Civil

World cocoa bean production and consumption

Year	Production	Consumption
Million tons		
1969/70-1971/72 . . . . .	1.50	1.45
1975/76 . . . . .	1.52	1.52
1976/77 . . . . .	1.35	1.36
1977/78 . . . . .	1.50	1.38
1978/79 . . . . .	1.47	1.40

<sup>1</sup> Estimate.





strife in Ghana has raised concern about availabilities in 1979/80.

World cocoa stocks are estimated to rise some 57,000 tons in 1978/79, as grindings continue to be restrained by high prices for cocoa beans and as substitutes have been increasingly adopted.

U.S. imports of cocoa beans rose nearly 20

percent in 1978, but import value increased at about double that rate (table 22).

The New York cocoa bean futures price averaged \$1.53 a pound in 1978. The price eased to \$1.43 in April as the 1978/79 crop reached markets, but moved up to \$1.47 in May 1979. (Robert D. Barry, *National Economics Division*: 202-447-7134)

## LARGER COTTON PRODUCTION EXPECTED

Adverse weather and lower plantings has reduced 1978/79 world cotton production to 59.5 million bales. The United States accounted for 80 percent of the reduction (table 23). World consumption could increase 2.5 percent, above 1977/78. Foreign mill use may rise 3.5 percent, more than offsetting the U.S. decrease. By 1978/79 season's end, world stocks are expected to decline some 3 million bales to about 21 million bales, with most of the drawdown in the United States. Stocks in the centrally planned countries will fall for the fourth consecutive year (table 24).

The Outlook "A" Index (average of 5 lowest-priced of 10 selected growths, c i.f., Northern Europe) reached 79 cents a pound in November 1978, eased, and then moved up in May to about 76

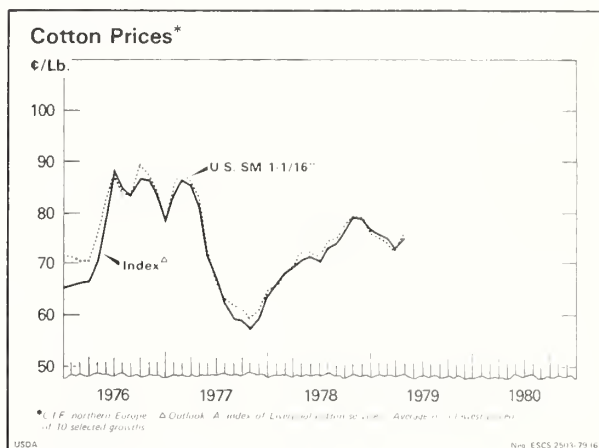
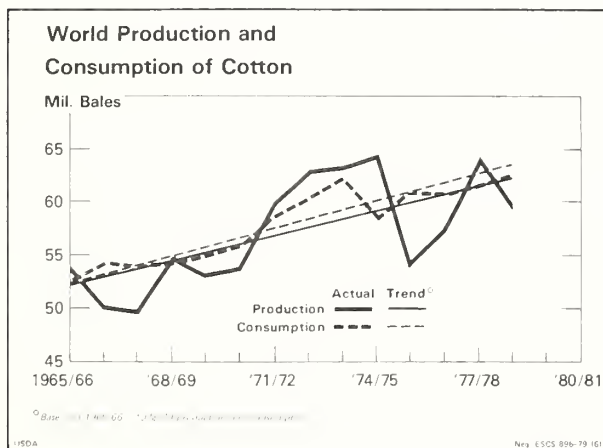
cents. This price is only nominally above the May 1978 price of 72 cents because of dollar depreciation. U.S. manmade fiber prices are higher relative to cotton this year. Cotton price prospects will depend partly on supplies of competitive synthetics, the economic outlook, and the still largely uncertain 1979/80 cotton crop.

World 1979/80 cotton output is forecast at 62 to nearly 65 million bales, about 4 to 8 percent above 1978/79. Based on 1979 planting intentions, the U.S. crop could be well above last year's 10.9 million bales. The foreign cotton crop could rise somewhat over 1 million bales. Better yields in the USSR, China, and Pakistan, and possibly some increase in Soviet area could raise output more than a million bales. India is expected to increase cotton area, but the high yields of 1978/79 may not be repeated. Crops in Mexico, Sudan, and Brazil could each increase 100,000 bales. Australia and the Ivory Coast will likely show gains. Greece, Turkey, and Iran will have smaller crops. In 1979/80, foreign cotton production is predicted to rise around 2 percent, and U.S. output to rise between 12 and 35 percent, depending upon weather conditions. The outlook for world cotton consumption in 1979/80 is clouded by uncertainty surrounding the economic forecast. However, textile activity in the EC has shown some pickup, and prospects continue to be positive in the Far East. Taiwan, Singapore, Thailand, and Korea

World cotton production and consumption and 1965/66-1978/79 linear trend

Year	Production		Consumption	
	Actual	Trend	Actual	Trend
Million 480-lb. bales				
1969/70-71/72 . . . .	55.5	56.0	56.4	56.6
1975/76 . . . . .	54.0	60.0	60.9	60.5
1976/77 . . . . .	57.4	60.8	60.7	61.2
1977/78 . . . . .	63.9	61.6	61.6	62.8
1978/79 . . . . .	59.5	62.3	62.6	63.5

<sup>1</sup> Estimate.



could increase mill use by a combined 200,000 bales. Brazil's consumption may be up 100,000 bales. Ending world stocks in 1979/80 may be expected to rise, mostly because of increases in U.S. stocks.

World exports of raw cotton may be up only slightly in 1979/80, with higher volume from foreign countries and a slight decline in U.S. cotton exports (table 25). (Robert D. Barry, *National Economics Division*: 202-447-7134)

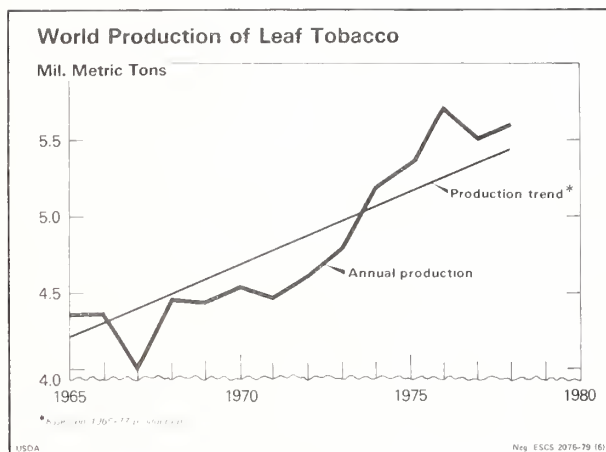
## TOBACCO PRODUCTION AND TRADE INCREASING

World tobacco production in 1978 is now estimated at 5.6 million tons (farm-sales-weight-basis), a 2-percent increase over 1977 (table 26). Production exceeded consumption during 1974-77, but was outstripped by consumption in 1978 (table 27). Despite anticipated reduction in the United States, Greece, Turkey, and Japan, increases by other producers suggest larger world output of tobacco in 1979.

World tobacco production and 1965-77 linear trend

Calendar year	Actual	Trend	Deviation
<i>Billion pounds</i> <sup>1</sup>			
1969-71 average. . . .	4.49	4.72	-0.23
1974 . . . . .	5.19	5.13	0.06
1975 . . . . .	5.41	5.23	0.18
1976 . . . . .	5.65	5.33	0.32
1977 . . . . .	5.49	5.43	0.06
1978 . . . . .	<sup>2</sup> 5.60	5.53	0.07

<sup>1</sup>Farm-sales weight, <sup>2</sup>Preliminary.



China, the world's largest producer, may increase tobacco production in 1979. Brazil's crop may rise 8 percent, following a 6-percent gain in 1978. South Korea's 1979 leaf output is expected to exceed last year's poor crop by 7 percent. Argentina, Spain, Yugoslavia, Indonesia, Colombia, and India are predicting larger tobacco harvests in

1979. U.S. planted area in 1979 is expected to fall 8 percent because of lower quotas for flue-cured and barley.

World cigarette output in 1978 was probably 2.6 percent above 1977's 4.1 trillion pieces, compared with an annual growth of 2.7 percent during 1965-77 (table 28). A 2 to 3-percent increase is expected in 1979. U.S. cigarette output (about 16 percent of the world total) rose some 4.5 percent in 1978 to a record 696 billion pieces; a similar increase is forecast in 1979. The bulk of the other 1978 increases were achieved in Asia, the centrally planned countries, and in the oil-producing nations. Anti-smoking campaigns and a 20-percent increase in retail prices could reduce Japan's cigarette output in 1979 by 3 percent. Brazil's output has grown rapidly over the last 5 years, reaching a record 137 billion pieces in 1978; production of 145 billion pieces is predicted for 1979. South Korea's output was 5 percent higher in 1978 and is forecast to increase about 12 percent in 1979.

World cigarette production and 1965-77 linear trend

Calendar year	Actual	Trend	Deviation
<i>Trillion pieces</i>			
1969-71 average. . . .	3.35	3.39	-0.04
1974 . . . . .	3.87	3.83	0.04
1975 . . . . .	3.96	3.94	0.02
1976 . . . . .	4.06	4.05	0.01
1977 . . . . .	4.14	4.16	-0.02
1978 . . . . .	<sup>1</sup> 4.26	4.27	-0.01

<sup>1</sup>Preliminary.

World exports of unmanufactured tobacco (declared weight) increased about 9 percent in 1978 to a near-record 1.4 million tons (table 29). U.S. exports rose 11.4 percent, reflecting a larger increase to the EC (table 30). U.S. exports in 1979 are expected to be somewhat below last year's 318,000 tons. The unit value of U.S. tobacco exports in 1978 was nearly 12 percent above the previous year's \$1.74 a pound. U.S. imports of unmanufactured tobacco, mostly oriental types, increased 6 percent. (Charles E. Goode: 202-447-9160 and Robert D. Barry: 202-447-7134)

## REGIONAL AGRICULTURAL DEVELOPMENTS

### United States<sup>5</sup>

Farm prices of most crops and livestock are running well ahead of last year, with grains demonstrating considerable strength in May and June. Supplies of grain are large, but rising domestic use and strong export demand coupled with heavy participation in the farmer-owned reserve are giving a boost to prices. The downswing in the cattle cycle during the past few years is holding beef production substantially below 1978 output and is dominating the outlook for livestock and poultry. Higher prices for agricultural commodities in 1979 are raising income prospects for farmers, but they are also contributing to the rapid rise in food prices.

#### Farm Prices Rise

Farm prices increased rapidly in 1978 and further sharp gains were recorded this past winter. Both crops and livestock have shared in the increase, but livestock prices have risen the most. The downturn in the cattle cycle and the reduced beef supplies that resulted have added importantly to price increases for cattle.

Prices received by farmers this spring are running about 4 percent above the first quarter, and 15 to 20 percent higher than last spring. Little, if any, further rise in farm prices is likely during the summer and fall. With favorable weather, crop output will be large again this year and will be adequate to support growth in livestock production and increased exports. The sharp upswing in pork production is now showing up in the market. Pork production will run 15 to 20 percent above a year earlier during the second half. Broiler production will increase 8 to 10 percent. Thus, increases in pork and poultry will more than offset the 10 percent decline in prospect for second-half beef production. These increases in meat production, along with slower economic growth in the general economy, will result in fairly stable livestock prices during the months ahead.

#### Food Price Rises to Slow

Increases in food prices are expected to moderate during the remainder of the year. Food prices rose rapidly last winter, reflecting the severe weather and smaller meat supplies. As meat production increases in the summer and fall, farm prices will hold steady. This means that increased marketing costs will be the primary source of

higher food prices. For the year, retail food prices are expected to average about 10 percent higher than in 1978.

#### Farm Income Up 10 to 15 Percent

Cash receipts from livestock may be up about 20 percent this year, with higher prices accounting for most of the increase. Crop receipts will be up about half this much, mostly because of higher prices.

Production expenses are increasing again this year. Inflationary pressures are boosting the prices of most items that farmers buy, and energy costs are accelerating. Higher feeder-livestock prices add to farm costs too.

Government payments to farmers and miscellaneous income will not change much in 1979. The actual size of this year's crops will affect farm prices late in the year, but net income is expected to rise to between \$31 and \$33 billion in 1979, up from the preliminary estimate of \$29 billion for 1978.

#### A Late Spring Slows Plantings

Like last year, the spring was late. Cool, wet conditions in major crop areas continued through mid-May, but since then farmers have had favorable weather. By mid-June, all of the corn and 88 percent of the soybeans had been planted. Spring wheat was seeded very late in the Northern Plains and could suffer reduced yields because of the late start. Weather conditions have been favorable to crop development in recent weeks, and crops are generally off to a good start.

Farmers plan to seed about 3 percent fewer acres to feed grains this year, but 7 percent more acres to wheat and soybeans. Cotton plantings may rise 8 percent. On balance, total seedings will rise about 3 percent. With generally favorable growing conditions this summer, crop output in 1979 will again be very large. (*Don Seaborg*: 202-447-8676)

### Other Developed Countries

#### Crop Production

Weather conditions during the fall and early winter in *Western Europe* were generally less favorable for grains than in the previous year. In addition, cool, wet weather followed during April and May, hampering field work and delaying the planting of spring barley in several parts of Northern Europe. Consequently, total grain production in 1979 is now expected to be 7 to 9 percent below the record harvest of 1978. Surplus sugar

<sup>5</sup>This section is based, in part, on a more detailed discussion of the U.S. agricultural situation published in *Agricultural Outlook*, AO-44, USDA, June 1979.



production in Western Europe caused many countries to reduce goals for 1979, and a drop in output is expected.

Canadian farmers planned to seed 10.8 million hectares (26.8 mil. acres) to wheat this year, a shade above last year's plantings. Slightly less acreage is planned for coarse grains than in 1978. Last year's Canadian wheat crop of 21 million tons was the second largest on record. Plantings this year were delayed by persistently wet conditions that have plagued the prairie provinces. The relatively short growing season in Canada makes a late-planted crop more vulnerable to the hazards of an early killing frost. Extensive flooding of an estimated 600,000 acres in the Red River Valley likely will have little affect on plantings but will increase the risk of lower yields for that area.

Canadian wheat exports in 1978/79 (August/July) will total 13.6 million tons, down from the 16 million of the year before. Much of the drop is attributable to problems in moving grains to port. Total use of wheat will fall short of the 1978 crop, leaving a carryover this August 1 of about 14 million tons—the largest since 1972. Farmers will receive an average initial payment of \$3.50 per bushel—including a retroactive increase of 50 cents—for their 1978 crop wheat from the Canadian Wheat Board.<sup>6</sup>

Australian farmers, plagued by poor-to-mediocre weather for several years, were blessed with an excellent growing season during 1978. As a result, wheat yields were the highest ever, and the 1978/79 harvest soared to 18 million tons, double the previous season's drought-reduced crop. Widespread rains in March-April over most of the country helped the 1979/80 crop get off to a good start. Seeding of wheat is underway.

Australian exports of wheat during 1978/79 (December/November) are estimated at between 9 and 10 million tons, compared with 8.5 million during 1977/78. Although exportable supplies are much larger than usual, Australian port capacity limits exports to about 10 million tons annually. Even if the export estimate is realized, total use will fall well short of production, and carryover stocks in November will make up a sizable portion of the 1979/80 wheat supply.

The Japanese rice production goal for 1979 is 11.7 million tons (brown), 7 percent below the 1978 harvest for which record yields were registered. Assuming the achievement of recent historical yields, only a small reduction in area would be needed to meet the production goal.

Despite efforts to reduce acreage of mandarin oranges, production is expected to increase in 1979 as more young trees come into production. Diverted

area is being planted principally to other citrus fruit. Cultivated area of certain priority crops such as wheat, barley, and soybeans is expected to increase again in 1979.

### Livestock Outlook

Meat production in *Western Europe* is expected to rise more than 2 percent during 1979, with most of the gains in pork and poultry. Gains in the EC's meat output are expected to be less than in non-EC countries. The pork sector will be the hardest hit in many EC countries. Large supplies will continue to put downward pressure on producer prices. In addition, increasing production costs, especially for feeds and fuels, likely will reduce feeding margins into 1980. Overall, however, a moderate expansion in feeding activity can be expected in the EC for 1979/80. Utilization of grains in animal feed should increase at a greater rate than that of non-grain feeds due to the reduced availability and higher prices of manioc, a major nongrain ingredient.

The substantial reductions in *Canadian* cattle and calf slaughter during 1979 indicate that the cyclical decline in inventories that began in 1975 is ending. Cattle are apparently being retained by ranchers and farmers in order to maintain the size of the present breeding herd and to expand future cattle and beef production. Prices for cattle and beef have surged upward as current production has declined. On the other hand, hog slaughter to date in the calendar year is up about 20 percent.

*Australian* cattle inventories are expected to decline in 1979. The current liquidation phase began in 1976. A 12-percent decline in slaughter is in prospect for 1979 that will not stop the herd sell-off, but will slow the rate of decline. Cattle prices have increased and should improve profit expectations for the future. Both domestic consumption and exports are below that in 1978, but exports are expected to drop at a slower pace. Exports to the United States will be maintained because of prior commitments and the substantial increase in the U.S. price of beef used for processing.

Livestock production in *Japan* will continue its upward trend in 1979. The product-feed price ratio increased 9.5 percent in 1978, reflecting profitable conditions in the livestock sector. Product prices weakened during 1978, but feed prices fell at an even faster rate as a result of falling world commodity prices and a strengthening yen. With a more stable yen in 1979, and with prices of major commodities expected to increase, feed prices will cut further into profit margins. This may lead to some contraction in feeding in 1979, although probably not severe.

<sup>6</sup>Initial payment rates vary by class of grain.



## Recent Policy Actions

The European Monetary System (EMS) was implemented in March 1979. The core of the EMS is the European Currency Unit (ECU), a weighted basket of jointly floating European currencies. Agricultural prices, as well as other transactions within the EC's agrimonetary system, are now denominated in ECU's.

The EC Commission initially proposed a virtual freeze in support prices for 1979/80 in terms of ECU's. In addition, the 1979/80 price package, as proposed by the Commission, included a formula for the elimination of Monetary Compensatory Amounts (MCA's), proposals to reduce dairy product surpluses, and changes in the EC's agricultural structural policy. Negotiations on the price package in the EC Council of Agricultural Ministers' meetings have already produced some changes and subsequent negotiations likely will bring additional changes. The final decision on the price package is expected to result in the setting of prices somewhat above those initially recommended by the Commission, and in the adoption of less extreme measures with respect to the elimination of MCA's and dairy-product surpluses.

The Japanese Food Agency plans to sell 250,000 tons of 1977 and 1978-crop rice to the South Koreans. The Koreans wanted to buy 350,000 tons from Japan, but the Japanese were constrained by budgetary considerations and U.S. industry complaints that the Japanese subsidized rice price of \$275 to \$280 per ton would be grounds for U.S. trade sanctions against Japan under Section 301 of the 1974 U.S. Trade Act.

With announced Japanese sales in 1979 of 250,000 tons of rice to Korea and 150,000 tons to Bangladesh, as well as other possible sales, including 200,000 tons to Indonesia, the previously announced schedule for disposal of surplus rice

may be altered for the current Japanese fiscal year (April 1979/March 1980) as follows:

Japan: Surplus rice disposal schedule

Year <sup>1</sup>	Industrial Use	Exports	Feed	Total
	1,000 tons (brown basis)			
1979 .....	250	750	50	1,050
1980 .....	300	200	500	1,000
1981 .....	300	200	500	1,000

<sup>1</sup> Japan Fiscal Year (April-March).

The Japanese want to dispose of 4.8 million tons of rice over a 5-year period.

## Agricultural Exports

The value of U.S. agricultural exports to *Western Europe* in fiscal year 1979 could be up almost 15 percent from the 1978 level of \$8.5 billion. Much of the increase reflects higher commodity prices in as much as the volumes of only a few of the major commodities are expected to be up—mainly wheat and oilseeds (soybeans). Overall, Western Europe is expected to take less feed grains and only about the same level of oilcake and meal as in FY 1978.

The value of U.S. agricultural exports to *Japan* in fiscal year 1979 is expected to reach \$4.8 billion, up 15 percent over fiscal 1978. The forecast reflects anticipated higher prices and increased volume of key bulk commodities, as well as expanded trade in beef and citrus resulting from the January 13, 1978 trade agreement. Subsequent negotiations between the two countries, that were concluded on December 5, 1978, will expand quotas on beef, oranges, and citrus juice over a 4-year period and lower tariffs on more than 150 agricultural items. The value of agricultural exports to Japan in fiscal 1980 is expected to top the \$5-billion mark. (John C. Dunmore: 202-447-8054)

## USSR

Soviet grain production in 1979 will most probably fall considerably short of the record 237 million tons produced in 1978. Shortfalls in fall seeding in 1978, coupled with an estimated above-average winterkill (about 20 percent relative to a 15-percent average), should sharply reduce the expected 1979 winter grain harvest. Winter grain area is expected to be down 18 percent from 1978. In addition, spring sowing of grains and pulses in European USSR was quite delayed due to very wet, cold weather in April. This was followed by a warm, dry May which quickly reduced soil moisture

supplies to below-normal levels in many important grain regions of European USSR. Crop prospects for Siberia and Kazakhstan remain relatively favorable at this time.

On June 8, the USDA Interagency Task Force estimated that the Soviet crop would most likely fall in a range of 170-210 million tons.<sup>7</sup> Total grain imports from all sources in 1979/80 are expected to rise above 1978/79 levels. Much of the stepped-up

<sup>7</sup>Foreign Agricultural Circular, FG-8-79.

Soviet grain buying at the end of the 1978/79 marketing year was most probably in response to the 1979 grain crop prospects, rather than to additional requirements related to the record 1978 crop.

The lag in spring sowing was most acute at the end of April, but by the end of May it had generally been eliminated. The delay in spring sowing had its largest impact on sugarbeets, sunflowers, and corn for grain. The 1979 cotton crop was sown on schedule. However, torrential rains and wash-outs occurred again this year in some cotton areas of Soviet Central Asia, but damage was not as severe as in 1978.

Planting of sugarbeets and sunflowers trailed last year's pace by a week. On the other hand, potatoe and vegetable seeding was slightly ahead of last year.

USSR livestock inventories on state and collective farms and interfarm associations have continued to increase over 1978 levels. As of May 1, 1979, total cattle, cow, hog, sheep and goat, and poultry numbers were at record levels. The largest gain was in poultry—up 7 percent from a year earlier. Total cattle, cows, and sheep and goats were all up 1 percent; hogs were up 2 percent.

Despite the large animal inventories, meat production in the socialized sector during January-April was less than expected. In part, this may have been due to very cold weather in December and early January that reduced production efficiency and hampered livestock marketings. Meat output (live weight), totaling 4.8 million tons, was just shy of last year's output. Milk production continued to reflect problems, and in the first 4 months of 1979 was down 3 percent, totaling only 19 million tons. Egg production, on the other hand, was up 3 percent to 14 billion units.

First-quarter 1979 industrial performance flashed several ominous warning signals for agriculture, especially the extremely poor production of mineral fertilizer. Fertilizer output was down 13.5 percent from a year earlier and should have a significant impact on availabilities for the 1979 season. The shortfall may be felt most heavily with grain, as nongrain crops are usually given priority allocations.

Vegetable oil production from government sources through April of the current 1978/79 processing year (September/August) totaled only 2.05 million tons, and was down 9 percent from a year earlier, reflecting the poor 1978 sunflower seed crop of 5.31 million tons. Increases are foreseen in Soviet oilseed and oilseed-product imports in the 1979 season to offset deficiencies in domestic supplies and to maintain per capita consumption levels. (*Michael D. Zahn*: 202-447-8380)

Increasing grain output has again been given top priority in Eastern Europe (EE) this year because of continuing concern over the high cost of feed grain imports. Corn and barley production are planned to show the greatest increases. Oilseed production is also being stressed in as much as oilseed and meal imports continue near record levels. Meanwhile, policymakers are seeking to slow the expansion of the livestock sector to further ease import requirements.

Reports on the wintering of crops are sketchy, but crops in Poland, Czechoslovakia, the German Democratic Republic (GDR), and Hungary appear to have come through the harsh 1978/79 winter in worse condition than the previous winter. Hungary, for instance, suffered heavy winterkill, and over 10 percent (130,000 hectares) of its winter wheat had to be plowed down. In Poland, spring flooding, winterkill, and lags in fall fieldwork (including 300,000 hectares of winter grains left unsown) combined to delay spring sowing by 2 to 3 weeks. Similar delays were faced by the GDR and Czechoslovakia. Dry, cool weather in May permitted these countries to regain some of the lost time. In Hungary, Czechoslovakia, and Yugoslavia, however, drought conditions are reducing prospective grain yields.

By May 15, grain sowing (excluding corn) was completed in all countries. Some change in composition of the crop can be expected as spring grains replace the damaged winter grains. Hungary alone increased its corn area by an estimated 85,000 hectares, and barley by 40,000 hectares, to compensate for winterkilled wheat.

Oilseed area and production was to have increased significantly in 1979. The plan is probably in jeopardy, however, as rapeseed in the northern countries suffered from winterkill and flooding. Both area and yields will probably be adversely affected. The area planted to sunflowers has been expanded in the southern countries.

Frost in late April is expected to reduce fruit and early vegetable production in Hungary and Yugoslavia. Sugarbeet and potato area is estimated to be at or below last year's levels, despite the expansion originally planned, and production prospects in the northern countries were dimmed by the extremely wet spring.

Livestock inventories in early 1979 were higher than a year earlier. Hog and sheep numbers were expanding the fastest, while cattle numbers lagged behind plan, and poultry expansion slowed from

<sup>8</sup>Northern countries: Czechoslovakia, the German Democratic Republic, and Poland. Southern countries: Bulgaria, Hungary, Romania, and Yugoslavia.



the rate of previous years. The severe winter and the late development of spring forages probably will cause the production of animal products to fall below plan in the northern countries.

U.S. Commodity Credit Corporation (CCC) credits to Eastern Europe in fiscal year 1979 totaled \$578 million, with the bulk going for grain, oilseeds, and oilmeal products. Registered sales of products to these countries closely approximated the credits appropriated for them because CCC credits may not normally be carried over from one fiscal year to the next.

While CCC credits appropriated for distribution worldwide in fiscal 1979 totaled \$1.6 billion, the proposed appropriations for fiscal 1980 are half that amount, or \$800 million. With roughly the same number of recipients seeking credit, it is highly unlikely that fiscal 1980 CCC credits to EE can be maintained at year-earlier levels. It is possible that EE countries seeking CCC credits will be encouraged to accept CCC guarantees for non-commercial risk protection for a portion of their credit requests—an option which EE countries have been reluctant to accept in the past. Bulgaria, Czechoslovakia, and the GDR remain ineligible for CCC credits because they are excluded under restrictions imposed by the Jackson-Vanik amendment of the Trade Act of 1974. (*Allen A. Terhaar*: 202-447-8380)

### People's Republic of China

Preliminary prospects are for a good harvest of overwintering crops in 1979. Rains in the late fall of 1978, a delayed winter, and generally adequate rainfall this spring appear to have overcome initial problems for planting and growth created by the 1978 drought. Timely rainfall will be more important than usual to these and subsequent crops this year because last year's drought reduced supplies of irrigation water in some areas.

In 1979, state assistance to agriculture will increase, particularly to key regions and projects. More reliance on material incentives and on gearing production to local conditions may also affect the level of agricultural production. But the new policies, which involve more use of prices and less direct central control, also increase uncertainty about area and production of individual crops.

China's agricultural trade will increase again during 1979. Grain and cotton imports will reach record levels. Imports of soybeans and edible oils also will be above past averages. In addition to agricultural commodities, the PRC is expected to import a greater amount of agribusiness products and technology during 1979.

U.S. agricultural exports to China will reach a record level in 1979, possibly as high as \$800

million. Wheat, corn, and cotton will be the leading export items.

Production of most crops improved during 1978, but increases were generally below plan. Weather, particularly the second consecutive year of serious drought, was the major factor limiting production. The drought had the largest impact on the fall harvest, affecting both the harvest of coarse grains in parts of northern, central, and eastern China and the late rice harvest in central and eastern China. Rice production in southern China also was affected by a series of weather problems throughout the year.

Production of grains, excluding soybeans, is estimated at about 280 million tons in 1978, well below the planned increase. Of the major grains, wheat production rose nearly 9 percent to 44 million tons; rice production dropped by 1 million tons to an estimated 125.5 million tons; and a 1 to 2-million-ton increase in the early rice harvest was more than offset by a reduced harvest of late rice.

For miscellaneous grains (primarily coarse grains and pulses) and tubers, the major gain was in early-harvested crops, although the important fall harvest of miscellaneous grains was also up in some areas, particularly in northeastern China. For the year as a whole, production of corn showed the largest increase in the miscellaneous grain category, with much of this increase apparently in early-harvested corn.

Production of other crops also was generally up. Soybean production increased by an estimated 1 million tons to 10.5 million tons. Rapeseed production reached a record level of 2 million tons, 650,000 tons over 1977. While sesame production increased, output of peanuts only equaled that of 1977—2.55 million tons.

Cotton production in 1978 increased by about 4 percent, reaching a level of 2.13 million tons. This was the first increase since 1973, and production is still below that year's 2.55-million-ton peak. Sugar cane production increased, and beet production likely was slightly higher. Sugar output for the 1978/79 year is estimated at about 2.7 million tons, 10 percent over that of 1977/78.

China's foreign trade during 1978 showed the increased importance of trade in new economic plans. Total two-way trade was up nearly 40 percent for the year, with imports rising 50 percent to an estimated \$10.6 billion. China had a small trade deficit during the year. By early 1979, however, trade plans were being reexamined and the pace of new long-term commitments slowed. This reflected revision of domestic plans, a more realistic appraisal of future export growth, and more attention to the debt implications of purchases.

Agricultural imports during 1978 were up, although China remained a net exporter of agricul-



tural products. Record grain imports of 9.4 million tons during calendar 1978 and higher cotton imports were the major reason for this increase. Grain imports included the first significant corn imports since 1974. Despite liberalized debt policies for imports of industrial products, there was no apparent change in payment policies for agricultural imports.

U.S. agricultural exports to China of \$614 million in 1978 approached those of the peak years of 1973 and 1974. Grains and cotton accounted for more than 90 percent of the total. (*Charles Y. Liu and Frederic M. Surls*: 202-447-8380)

### Asia

Favorable weather has contributed to another record wheat crop in South Asia, but rice production in East Asia has suffered from adverse weather and pest problems. U.S. agricultural exports to developing Asia should be strong during late 1979, with Taiwan emerging as a billion dollar market for U.S. farm products for the first time.

India's 1979 wheat harvest at 32.5 million tons was the largest ever and the fifth successive large harvest. High-yielding wheat varieties, grown under irrigation and receiving more fertilizer than ever before, contributed to the increase. Government wheat procurement had already reached 4.1 million tons by early May, and total 1979 procurement might reach 6 million tons.

India's 1978/79 wheat exports were delayed by port problems, but large shipments are scheduled for April-December of 1979. Wheat exports during the 1978/79 Indian wheat marketing year (April/March), about 700,000 tons, included over 500,000 tons to the Soviet Union, more than 100,000 tons to Vietnam, 50,000 tons to Sri Lanka, and 20,000 tons to Afghanistan. Wheat exports during 1979/80 are expected to be roughly the same, with shipments of about 300,000 tons to Vietnam, 250,000 tons to the Soviet Union, 50,000 tons to Bangladesh, 50,000 tons to Sri Lanka, and 30,000 tons to Afghanistan. Total agricultural exports might reach \$2 billion in 1979.

While India's agricultural imports may rise slightly this year, imports of vegetable oils will be somewhat less than last year's approximate 1.3 million tons. India purchased about 550,000 tons of soybean oil in early 1979, including one contract for 250,000 tons from Brazil. India has imported only 120,000 tons of U.S. soybean oil since October 1978.

Pakistan has completed an exceptionally good 1979 wheat harvest of 9.9 million tons. This exceeds the government target of 9.5 million tons, but Pakistan still expects to import about 1 to 1.4 million tons of wheat to rebuild depleted stocks.

Due to a half-million-ton shortfall in 1979 wheat

production, *Afghanistan* expects to import about 400,000 to 600,000 tons of wheat during 1979. An agreement has already been signed to import 100,000 tons of wheat from the USSR on a grant-in-aid basis; the balance is expected from the free world market on both commercial and concessional terms.

A smaller-than-expected 1978/79 rice crop has caused only a slight deterioration in the *Bangladesh* food situation. The 1978/79 rice crop is now expected to reach 12.5 million tons, down slightly from the 1977/78 crop. Wheat production for 1979 is forecast at 480,000 tons, a 40-percent increase over 1978.

Current indications are that 1978/79 imports of wheat will reach 1.55 million tons, about half of which will come from the United States under PL 480. Rice imports in 1978/79 are expected to reach only 100,000 tons. Foodgrain stocks this year are now expected to total about 670,000 tons, well below earlier expectations, but in line with previous good production years. Rice imports of 400,000 tons have been contracted for 1979/80: 150,000 from Japan, 150,000 from India, and 100,000 from Thailand. Total food imports could reach close to 2 million tons during 1978/79, with wheat imports holding to the 1978/79 level of 1.55 million tons.

Recent generous rainfalls in *Thailand* have improved prospects for the main rice, corn, and cassava crops in 1979, but dryer-than-usual weather and tight irrigation supplies in early 1979 reduced the off-season rice crop (harvested in May-June) by 25 percent to 1.5 million tons. Thai rice exports are expected to be at least 1.9 million tons in 1979, and could reach 2.3 million tons if a large 1979 main crop (harvested in October-November) is realized. Thailand has contracted for rice deliveries in 1979 as follows (in 1,000 tons): To Indonesia (400), Malaysia (200), Bangladesh (100), China (100), Vietnam (80), and others (89). Thai rice exports to the Middle East continue to surge, and are expected to reach 350,000 tons, 50 percent above 1978. Thai coarse grain exports in 1979 will reach 2.2 million tons, of which 90 percent will be corn.

*Malaysian* palm oil production probably will reach 2.1 million tons in 1979 and could be higher. An output of 1.8 million tons was achieved during 1978, following a first-quarter output of only 288,000 tons. Crude palm oil production during the first quarter of 1979 was 400,000 tons—60 percent above the drought-reduced harvest of early 1978. India, a major market for Malaysian palm oil, has just purchased 281,000 tons for delivery through mid-1980.

*Indonesia's* rice production will be somewhat lower in 1979, following the bumper 1978 harvest.

The current estimate of 17.5 million tons for this year's crop is very tentative, and probably high, in view of recent developments such as extensive brown planthopper damage and widespread flooding in areas currently being harvested. Based on existing contracts, rice imports for 1979 will be at least 1.4 million tons.

*Philippine* sugar output in 1979 will be about the same as the 2.3 million tons harvested in 1978. Sugar exports are expected to total 1.14 million tons, about the same as last year and in line with the quota established by the International Sugar Agreement. Copra production is expected to be down about 10 percent to 2.14 million tons because of early 1978 drought.

*Burma's* favorable weather resulted in a record 1978 rice crop of 7 million tons, suggesting that 1979 rice exports may reach 600,000 tons, nearly double the 1978 level.

*Taiwan* may import a billion dollars worth of agricultural commodities from the United States during 1978/79. Taiwan has already imported about \$491 million worth of farm commodities during the first 6 months of 1978/79. U.S. sales of wheat, corn, soybeans, cotton, and livestock products to Taiwan continue strong.

*Hong Kong's* agricultural imports probably will reach \$3 billion this year—up from \$2.4 billion in 1978, partly because of accelerated immigration from China and Vietnam. Food imports from China might reach \$1 billion, in contrast to \$400 million of agricultural imports from the United States.

*South Korea's* total agricultural imports may increase 25 percent in 1979 to approximately \$2.4 billion. U.S. agricultural exports to South Korea may surpass \$1.4 billion—up from \$1.15 billion in 1978. Corn imports are soaring to meet the rising demand for feed. U.S. corn exports to Korea may reach 2.5 million tons, up from 2.0 million tons in 1978. Rice imports of 550,000 tons will help fill the shortfall caused by the reduced 1978 harvest. (E. Wayne Denney: 202-447-8107)

## Africa and West Asia

### North Africa

U.S. agricultural exports to the *Maghreb*, which declined by about 50 percent in the first half of 1978/79, may recover during the rest of the fiscal year; wheat requirements of the 4 North African countries may equal or exceed 4.5 million tons. The current cereal harvest is about average, except for Morocco where less-than-normal production of wheat is expected. Wheat imports from the EC and Turkey cut into the U.S. share of the market during the first half of 1978/79.

The demand for animal and poultry feed in *Algeria* and *Libya* resulted in increased imports of coarse grains and seed meals, but these were supplied mainly from non-U.S. sources during the first half of 1978/79.

*Egypt's* agricultural exports will likely exceed \$800 million this year, including about \$550 million for cotton. Egypt's trade with the Arab countries of West Asia will decline partly because of an economic boycott decided upon in Baghdad during April by opponents of Egypt's peace agreement with Israel. Egypt's agricultural exports will not suffer greatly from these measures because alternative markets are available in Europe, the USSR, and East Asia. This year Syria, Jordan, the United Arab Emirates, Saudi Arabia, and Kuwait are buying less Egyptian rice. Egypt had already planned to reduce rice exports.

The major effect of the boycott on Egyptian imports could be the cessation of pulse deliveries by Syria. Egypt imported about 45,000 tons of lentils from Syria in 1978 and had expected a similar volume in 1979, but only 5,000 tons may arrive. "Ful," a paste made from dry beans or lentils, is an important part of the Egyptian diet, usually served with balady bread.

Egypt's total agricultural imports are likely to reach \$2.5 billion in 1979—up from \$2.0 billion in 1978. Wheat and flour imports are expected to surpass the 1978 level of 5.1 million tons.

*South Africa's* 1979 corn harvest is estimated at no more than 6.5 million tons, including production in Transkei and Bophuthatswana. The low yields are due to drought during the planting and growing seasons. This crop will likely be the poorest since the severe drought year of 1973, and will probably be slightly below local consumption needs for the first time since then. Wheat production may also be below local consumption needs this year. This would be the first time since 1974/75, but a large carryover will allow some wheat exports.

A large corn carryover of about 2 million tons from last year's good crop will likely allow exports of about 1 million tons. However, white corn production has been reduced more than that of yellow corn. Consumption of white corn—the staple food of the black population—is running higher than last year, and little is expected to be exported during the current marketing year. Taiwan will probably be the biggest buyer of yellow corn this year; other African countries, such as Zambia, also suffered drought damage and are expected to take a larger share of South African exports than usual.

The South African Government approved large producer and consumer price increases for corn, effective May 1, 1979. Net producer prices for yellow corn were increased by 25 percent, to the equivalent of \$119 a ton; white corn prices were



increased just slightly more, to about \$119.18 a ton. The selling prices of the Maize Board were increased by 22.7 percent to \$121.38 a ton for yellow, and to \$121.56 a ton for white corn.

*Angola*, formerly a net food exporter, continued to import wheat, rice, corn, meat, and other foods to fill the deficit in its domestic production.

Although the sharp decline in domestic food production that followed independence seems to have been reversed, *Mozambique* will still require imports of around 300,000 tons of wheat, rice, and corn during 1979.

*Madagascar* continues to require substantial rice imports despite attempts at self-sufficiency. Two flour mills and bulk grain facilities to be constructed shortly will likely make Madagascar a potential market for U.S. wheat.

In *Zaire*, food demand has outrun supply in urban areas because the malfunctioning of transportation and marketing systems has discouraged commercial crop production. Shaba is confronted with a shortage of its staple food, white corn, because a drought in Zimbabwe-Rhodesia and Zambia has dried up the principal source of corn imports. Alternative sources might be white corn from Kenya and yellow corn from South Africa, but except for these, it would be expensive to import corn into Shaba. Wheat and rice imports, some from the United States under PL 480, have filled some of the food needs in Kinshasa.

Last summer's floods in *Sudan* damaged crops and destroyed considerable supplies of fertilizer, resulting in lower production for most late summer and fall planted crops. The wheat crop was particularly hard hit, and this spring's wheat output may have been less than one-half the 318,000 tons harvested in the spring of 1978.

## West Asia

The *Iranian* agricultural situation remains unclear. Government decisions on agricultural policy have not been indicated, although increased emphasis on agriculture has been announced on a number of occasions. The wheat harvest is now in full swing, with a better than average crop on the ground. The size of the harvest, however, will be determined by a number of factors, including the condition of harvest machinery and fuel availability. Even with a good crop, Iran will need to import about 1.3 million tons of wheat in 1979 in order to meet current demand. Larger imports can be expected if stocks are to be rebuilt. U.S. exports of wheat and rice to Iran have resumed.

*Turkey's* wheat production is estimated at over 13 million tons. This is the fifth excellent harvest in as many years. Wheat exports are expected to be about 2 million tons in 1979/80. Internal transport problems and inadequate port facilities have

slowed export deliveries. Turkey continues to barter wheat for oil. The 1979 cotton production is expected to be around 500,000 tons. However, producers, encouraged by relatively high grain prices, intend to increase acreage for grains against cotton.

*Jordan's* wheat crop is estimated at 40,000 tons, the lowest in 20 years. Imports are expected to be about 320,000 tons, comprising 88 percent of requirements.

Strong gains in agricultural imports by *Arabian Peninsula* countries and *Iraq* are underway for 1979. Included are larger imports of rice, wheat, feed grains, vegetable oils, fruits, and a variety of processed foods. Total agricultural imports by the Arabian Peninsula countries is estimated at \$6 billion in 1979—up 50 percent from 1978. *Saudi Arabia's* food and beverage imports may reach \$3 billion this year—up from \$2 billion last year, and those of the United Arab Emirates may approach \$1 billion.

Rice is the leading food import in all these countries. Total rice imports by the 8 Arabian Peninsula countries may surpass 800,000 tons this year.

*Iraq's* total agricultural imports are estimated at \$1.3 billion in 1979—up 30 percent from 1978. Wheat imports may reach 2 million tons, and rice imports, 300,000 tons. Larger wheat imports are likely from Turkey and Australia, while the United States is providing most of the increased supply of rice. (*Robert Marx*; 202-447-8966)

## Latin America

Serious drought limited expansion of early 1978 grain and oilseed crops in Brazil, Chile, Paraguay, and Peru, but good weather and above-average precipitation contributed to a favorable outlook for agricultural production in other Latin American countries, including Argentina, Mexico, Central America, the Caribbean, and the north Andean region. Expansion of sugar and beef output may be more limited this year. However, the current situation suggests increased production of basic food commodities in most countries; further gains in Latin American output of coffee and bananas; and some recovery for grains, oilseeds, and cotton in the exporting countries.

Agricultural export earnings in early 1979 were estimated moderately above year-earlier levels based upon increased sales of coffee, bananas, and grains and upon higher prices for beef, cotton, cocoa, and fruits and vegetables. Latin American purchases of agricultural products continued up in response to the serious shortfalls in 1978/79 wheat production and to the strong demand for animal products and feedstuffs in the principal importing countries. U.S. agricultural imports from Latin



America for January-April increased from \$2.2 billion in 1978 to \$2.4 billion in 1979; U.S. agricultural exports rose from \$728 million to \$856 million, although wheat sales fell from 2 million to 1.3 million tons.

In *Argentina*, the 1979 outlook for agricultural trade was improved by the sharp recovery in wheat production (8.1 million tons) from the late 1978 harvest, and by further expansion in soybeans—currently estimated up 52 percent from the 1978 record to 3.8 million tons. Favorable prospects for corn and cotton were reduced by January drought; some cutback in sorghum area contributed to a 5-percent decline in coarse grains from the record 1978 harvest of 16.4 million tons. Good rains have provided excellent conditions for planting 1979 wheat, and another large crop is forecast. However, herd rebuilding is expected to restrict cattle slaughter this year, and beef production is estimated down 8.4 percent to about 2.9 million tons.

Grain exports for 1979 are currently forecast to rise 9 percent above year-earlier volume to 14 million tons, with sales of oilseeds—mainly soybeans—estimated up 5 percent to 2.6 million tons. Wheat supplies of about 3.5 million tons have been largely committed; export registrations of 1979 soybeans totalled 1.9 million tons through May. Because of a large carryover, corn and sorghum exports are expected to be near the high 1978 levels of 6 million and 4.5 million tons, respectively, but beef exports are forecast down from last years high to around 700,000 tons.

*Brazil's* prospects for agricultural recovery were dimmed by a second year of drought that limited expansion of soybeans, grains, and other early 1979 crops in the productive southern region. In spite of increased area, the current soybean production estimate is only 11 million tons, compared with the reduced 1978 harvest of 10.2 million tons. Corn is up only 3 million tons, to 17 million. Dry weather also reduced yields of rice and cotton; and cattle slaughter is expected to continue at a reduced level because of the recent decline in numbers. Drought damage to coffee was limited and, despite recent frosts, the current harvest is expected to exceed the 1978 level of 1.2 million tons.

Increased supplies have helped maintain a fur-

ther rise in coffee exports, but earnings reflect the sharp decline in price. Exports of soybeans and oil-meals will remain restricted under government policies of maintaining domestic supplies, but sales of beans and meal are forecast moderately above the reduced 1978 levels of 659,000 and 5.4 million tons. Further corn imports and rice purchases are anticipated to meet domestic requirements this year. Wheat imports for 1979 likely will be maintained near the 1978 level of about 4 million tons, with a greatly increased share of the total coming from Argentina.

*Mexican* agriculture benefited from late 1978 rains which replenished low irrigation water supplies in the main commercial crop areas. The output of horticultural crops continued to increase, and sugar and coffee production were both estimated up about 6 percent from a year earlier. Rising prices encouraged expansion in cotton, and the current crop is estimated up 5 percent from the reduced 1978 outturn to 339,000 tons. The increased supply of irrigation water indicates that oilseed production will probably be expanded, with a strong recovery in soybeans.

However, the late 1978 rain delayed wheat plantings and the 1979 crop is estimated down from the 2.5 million tons of 1978 to 2.1 million tons, requiring a near-record 1.2 million of imports. Current forecasts suggest that corn and sorghum purchases will rise significantly from 1978 levels of 1.4 million and 958,000 tons, and that imports of soybeans will continue to rise in response to strong feed demand. Mexico has recently concluded an agreement to purchase up to 500,000 tons of corn and sorghum from Argentina this year.

In *other Latin America*, serious drought continued through the agricultural areas of Peru, reducing 1979 production of rice, cotton, and sugar. Dry weather also restricted soybean production in Paraguay and reduced yields of wheat and feed grains in Chile. Growing conditions were generally favorable for early crops, including sugar, coffee, and the major food crops in Central America, the Caribbean, and other areas. Cotton production recovered sharply in Colombia, and higher prices may stimulate some rise in Central American beef exports in 1979. (*Howard L. Hall*: 202-447-8133)

## WORLD FOOD AND TRADE POLICY DEVELOPMENTS

### Multilateral Trade Negotiations

On April 12, representatives of 41 nations signed agreements in Geneva, concluding the Tokyo Round of international trade talks. Since that date the Administration has signed additional agreements with a number of countries and

introduced legislation in June to implement the Multilateral Trade Negotiations (MTN). As a result of the agreements, industrialized countries will reduce their tariffs an average of 40 percent on U.S. industrial exports; the United States will reduce its tariffs to them by 32 percent.

## Agricultural Concessions

In terms of 1976 trade levels and values, the United States received concessions on nearly \$4 billion worth of farm products, including reductions in duties, reduction in nontariff barriers (NTB), and duty bindings. The United States granted concessions covering about \$2.6 billion worth.

*NTB and duty-reducing concessions:* By 1987, when fully implemented, concessions received by the United States are estimated to increase U.S. exports by at least \$500 million, including \$200 million in beef, \$86 million in tobacco, and \$49 million in citrus products.

Concessions granted by the United States will increase imports about \$155 million, including \$121 million in cheese, \$8 million in wool, and \$7 million in fruits and vegetables. The United States will raise its cheese quotas to 15,000 tons above the 1978 import level while extending its quota coverage from 50 percent to include about 85 percent of currently imported cheese. Under a "price undercutting agreement" duties can be applied to subsidized imports if they undercut prices of comparable domestic cheese.

*Duty-binding concessions:* Countries that bind their duties commit themselves to duty charges at or below an agreed maximum level. The United States received duty-binding concessions (with no reduction in existing duties) on more than \$1.3 billion of exports (based on 1976 statistics), including a zero duty binding for soybeans to Japan. The Japanese also agreed to bind their duties on U.S. citrus products at the present rate. Taiwan bound its duties on U.S. soybeans, corn, and cotton. The United States agreed to bind its duty on palm oil at 0.5 cents per pound. However, the applied rate has been, and will continue to be, zero.

## Other Agreements

A number of agreements, or codes, have been developed to revitalize and strengthen the General Agreement on Tariffs and Trade (GATT) in resolving international trade disputes and to provide a forum for increased cooperation in the future. The codes cover subsidies and countervailing duties, standards, government procurement, import licensing, customs valuation, framework for GATT reform, and trade in civil aircraft. Two additional codes, safeguards (to improve rules for emergency import restrictions) and commercial counterfeiting, remain subject to negotiation.

An international dairy arrangement establishes a council to evaluate the world situation and outlook for dairy products and review provisions for maintaining minimum export prices, while a bovine meat arrangement creates a council to

expand and stabilize the world meat and livestock markets by reviewing trade barriers and improving communication and cooperation among the participants.

## Implementation Schedule

After introduction in June, implementing legislation must be either accepted or rejected in its entirety by Congress; it cannot be amended. Each house has 60 legislative days to approve it within a total limit of 90 legislative days. Expiration of the President's authority to waive the imposition of countervailing duties, which occurs on September 30, 1979, may be a target deadline for congressional ratification of the MTN package if implementing legislation is not approved or defeated before the Congress recesses in August. (*Cecil W. Davison: 202-447-8840*)

## International Grains Agreement

The 1971 International Wheat Agreement (IWA) includes both a Wheat Trade Convention (WTC) and a Food Aid Convention (FAC). Last November's UNCTAD (United Nations Conference on Trade and Development) conference on a new IWA adjourned without agreement on several important issues. The Conference resumed in January and February 1979, but could not reach a consensus on size of reserve stocks, trigger price levels, and special provisions for developing countries. The United States, other exporters, and the developing countries supported a total reserve stock of 30 million tons. However, only 18 million had been pledged by the end of the Conference. Although there was substantial agreement among some key countries on price levels for a workable reserve stock mechanism, the developing countries insisted on a price range much lower. Developing countries also sought a new fund for financial assistance and special rules for their reserve stocks.

The Conference recommended an extension of the IWA and continuing consultation on the remaining issues. In its March meeting the International Wheat Council extended the 1971 IWA for an additional 2 years. Without an agreed WTC and FAC, the IWA has no operating economic provisions, but it does provide a useful exchange of information and a forum for future negotiations.

Consultations will continue on possible resolution of the issues blocking completion of a new agreement. The United States has indicated that it does not intend to resume negotiations in a new UNCTAD Conference until such issues are resolved. This Fifth Extension will be submitted to the Senate for ratification in the near future. (*Cecil W. Davison: 202-447-8840*)

## UNCTAD-V

The Fifth Session of the United Nations Conference on Trade and Development (UNCTAD-V) that met in Manila, May 7-June 3, 1979, dealt with a number of commodity and trade issues of interest to the agricultural community.

The debates and many of the resolutions of the Conference reflected the drive by the developing countries to gain support for "structural adjustments" in the world economy that would create "a new international economic order" more favorable to their economic development and trade aspirations.

The Conference adopted a number of resolutions, including one that calls for expanding the Integrated Programme for Commodities adopted at Nairobi in 1976, and that reaffirms commitments to the Common Fund.

Some countries used the occasion to announce contributions to the Fund—a total of \$88 million, mostly for the "second window" to help developing countries improve the production and marketing of their commodities—but pledging was not a primary focus of the Conference.

The Conference adopted a proposal by the

Group of 77 (a coalition of developing countries) for UNCTAD to carry out a detailed study on the operation of a complementary financing facility that would compensate countries for commodity-related shortfalls in export earnings. Many of the developed countries, including the United States, strongly opposed the resolution. The United States favored strengthening of the existing compensatory-financing facility already operated by the International Monetary Fund.

The Conference also authorized UNCTAD to review international food trade development and report to the World Food Council (WFC); however, UNCTAD was not authorized to make recommendations on world food trade to the WFC or to other UN bodies. Another resolution, against which the United States voted, urges the shared participation by the developing countries in the shipping of bulk cargo such as grains.

UNCTAD will hold a major conference in 1980 dealing with its program to provide global trade preferences among developing countries. (*JoAnn Hallquist, Foreign Agricultural Service: 202-447-6895*)



Table 1: Real Economic Growth Rates

	1975	1976	1977	1978	1979 Proj.
Japan	1.4	6.3	5.2	5.8	4.8
Canada	1.2	5.8	2.7	3.5	3.5
France	0.3	4.6	3.0	3.0	3.5
Germany	-2.1	5.6	2.6	3.0	3.8
Italy	-3.5	5.7	1.7	2.0	3.5
United Kingdom	-1.7	3.6	1.6	3.0	2.3
European Community	-1.5	5.0	2.3	2.8	3.3

Table 2: Trade and Current Account Balances  $\frac{1}{2}$  /  
(millions of U.S. dollars)

	1975	1976	1977	1978
Trade Balances $\frac{1}{2}$				
Japan	-2,028	2,364	9,430	18,264
Canada	-2,211	212	1,341	1,787
France	-929	-7,298	-5,524	-2,435
Germany	15,153	13,689	16,552	20,512
Italy	-3,584	-6,211	-2,789	-418
United Kingdom	-9,580	-10,015	-6,397	-6,922
Current Account Balances $\frac{2}{2}$				
Japan	-681	3,681	10,911	17,598
Canada	-4,696	-3,839	-393	-4,624
France	123	-5,912	-3,296	4,016
Germany	3,579	3,484	4,319	8,824
Italy	-555	-2,855	2,285	6,285
United Kingdom	-4,172	-2,016	596	495

1/ The trade balance is calculated on an f.o.b. basis for exports and on a c.i.f. basis for imports.

2/ The current account balance includes the trade balance, the services balance and private and official unrequited transfers.

Table 3: Foreign Currency Units Per U.S. Dollar

Period	German mark	Japanese yen	British pound	Dutch guilder	Canadian dollar
Average 1977	2.322	268.5	.5729	2.454	1.064
1978-January	2.118	241.1	.5170	2.270	1.101
February	2.076	240.3	.5155	2.226	1.113
March	2.034	231.5	.5241	2.175	1.126
April	2.040	221.7	.5403	2.181	1.142
May	2.106	226.4	.5502	2.255	1.119
June	2.084	214.3	.5447	2.235	1.122
July	2.054	199.9	.5276	2.217	1.125
August	1.996	188.5	.5149	2.163	1.140
September	1.971	190.2	.5108	2.141	1.167
October	1.844	184.1	.4984	2.005	1.183
November	1.898	191.4	.5093	2.053	1.173
December	1.882	196.3	.5043	2.041	1.180
Average 1978	2.009	210.5	.5214	2.164	1.141
1979-January	1.847	197.7	.4987	1.995	1.190
February	1.856	200.6	.4990	2.006	1.196
March	1.860	206.1	.4907	2.009	1.174
April	1.894	216.1	.4823	2.047	1.146
May	1.907	218.1	.4854	2.077	1.156

Table 4--U.S.: PRICE CHANGES AT THE FARM, FOREIGN TRADE, AND CONSUMER LEVELS, I QUARTER 1978 TO I QUARTER 1979

	WHEAT	CORN	SOYBEANS	RICE	COFFEE	SUGAR	COCOA	BEEF	TOTAL
	:	:	:	:	:	:	:	:	:
	INDEX	INDEX	INDEX	INDEX	INDEX	INDEX	INDEX	INDEX	INDEX
PRICE RECEIVED BY FARMERS	+15.2	+4.5	+20.9	-24.9	--	--	--	+64.1	--
EXPORT UNIT VALUE	+18.3	+4.3	+19.0	-9.0	--	--	--	--	+8.4
IMPORT UNIT VALUE	--	--	--	--	-25.8	-5.0	+5.9	+69.8	--
CONSUMER PRICE	+24.9	--	+9.9	--	-20.3	+5.0	--	+36.4	--

## 1/ BREAD AND BAKERY PRODUCTS

## 2/ FATS AND OILS

## 4/ ROASTED COFFEE

TABLE 5 --PRICES RECEIVED BY FARMERS FOR SELECTED COMMODITIES, CHANGES IN 1977 AND 1978 FROM THE SAME QUARTER A YEAR EARLIER

	QUARTER	BEEF	PORK	BROILERS	EGGS	MILK	WHEAT	CORN	RICE	BARLEY	SOYBEANS	POTATOES	INDEX OF PRICES RECEIVED BY FARMERS
		:	:	:	:	:	:	:	:	:	:	:	:
		PERCENT CHANGE	PERCENT CHANGE	PERCENT CHANGE	PERCENT CHANGE	PERCENT CHANGE	PERCENT CHANGE	PERCENT CHANGE	PERCENT CHANGE	PERCENT CHANGE	PERCENT CHANGE	PERCENT CHANGE	PERCENT CHANGE
UNITED STATES	IV 1978	+49.8	+18.6	+15.9	+7.6	+13.8	+25.0	+10.3	-23.0	+8.5	+15.4	+7	+21.7
	I 1979	+64.1	+18.3	+17.9	+15.5	+16.3	+15.3	+4.5	-24.9	-3.3	+21.0	-10.8	+24.0
JAPAN	I 1979	+10.9	-9.2	-3.1	-18.0	-0.5	--	--	+6	--	--	--	+1.2
WEST GERMANY	IV 1978	-4.3	-19.0	-0.8	-24.2	+2.4	+5	+2.1	--	-0.9	--	+38.8	-4.7
FRANCE	IV 1978	+3.6	-6.8	+4.2	-8.3	+10.7	+4.5	+1.3	--	+6.3	--	+76.3	+5.9
ITALY	IV 1978	+8.8	+2.8	+1.9	-12.2	+2.6	+7.2	+4.6	--	+4.5	--	-6.0	+6.1
NETHERLANDS	IV 1978	-1.6	-37.2	-5.3	-27.3	-4.0	+8	--	--	+1.6	--	+40.0	-5.9
BELGIUM	IV 1978	+0.1	-16.8	-8.9	-34.2	+3.8	-1.6	--	--	+1.9	--	+62.7	-5.8
UNITED KINGDOM	IV 1978	+13.9	+8.2	+5.2	-0.6	+4.4	+16.0	--	--	+16.6	--	-4.3	+6.5
IRELAND	IV 1978	+22.1	+0.3	+3.5	-10.3	+9.7	+6.3	--	--	-0.8	--	+150.2	+16.3
DENMARK	IV 1978	+3.0	+5.4	-0.7	-0.5	-2.7	+1.4	--	--	-1.4	--	+16.7	-0.9
EC-9	IV 1978	+6.1	-7.3	+2.6	-12.1	+4.4	+6.7	+2.3	--	+7.8	--	+14.8	+3.5

Table 6--U.S.: Nominal and Deflated Farm Prices for Wheat, Corn and Soybeans <sup>1/</sup>

	Wheat price	Deflated wheat price	Corn price	Deflated corn price	Soybean price	Deflated soybean price
	<u>\$/bushel</u>					
1960/61	1.74	1.95	1.00	1.12	2.13	2.38
1961/62	1.83	2.03	1.10	1.22	2.28	2.53
1962/63	2.04	2.24	1.12	1.22	2.34	2.56
1963/64	1.85	2.00	1.11	1.20	2.51	2.71
1964/65	1.37	1.46	1.17	1.24	2.62	2.79
1965/66	1.35	1.41	1.16	1.20	2.54	2.64
1966/67	1.63	1.66	1.24	1.25	2.75	2.78
1967/68	1.39	1.37	1.03	1.00	2.49	2.43
1968/69	1.24	1.17	1.08	1.00	2.43	2.25
1969/70	1.25	1.11	1.16	1.01	2.35	2.06
1970/71	1.33	1.12	1.33	1.11	2.85	2.38
1971/72	1.34	1.09	1.08	.87	3.03	2.45
1972/73	1.76	1.38	1.57	1.20	4.37	3.37
1973/74	3.95	2.85	2.55	1.78	5.68	3.99
1974/75	4.09	2.66	3.02	1.91	6.64	4.22
1975/76	3.56	2.15	2.54	1.51	4.92	2.93
1976/77	2.73	1.56	2.15	1.20	6.81	3.83
1977/78	2.31	1.24	2.03	1.06	5.80	3.05
1978						
January	2.53	1.35	2.00	1.07	5.75	3.07
February	2.59	1.37	2.03	1.08	5.53	2.94
March	2.67	1.41	2.15	1.13	6.20	3.27
April	2.82	1.47	2.24	1.17	6.49	3.39
May	2.82	1.46	2.29	1.18	6.77	3.50
June	2.82	1.44	2.28	1.17	6.69	3.43
July	2.80	1.42	2.13	1.08	6.39	3.25
August	2.88	1.45	2.00	1.01	6.21	3.14
September	2.92	1.47	1.98	.99	6.19	3.11
October	2.99	1.48	1.97	.98	6.26	3.11
November	3.04	1.50	2.03	1.00	6.39	3.16
December	3.01	1.48	2.09	1.03	---	3.20
1979						
January	2.99	1.46	2.11	1.03	6.58	3.21
February	2.99	1.44	2.17	1.05	6.99	3.38
March	2.97	1.42	2.22	1.06	7.15	3.42
April	3.01	1.42	2.27	1.07	7.00	3.59

<sup>1/</sup> Prices deflated by U.S. Consumer Price Index, where 1967 = 100.



TABLE 7 .--EXPORT AND IMPORT UNIT VALUES OF SELECTED COMMODITIES; CHANGES  
FROM THE SAME QUARTER A YEAR EARLIER

	UNITED STATES		JAPAN		WEST GERMANY		CANADA
	1979	1978	1978	1978	1978	1979	
QUARTER	1ST QTR.	4TH QTR.	4TH QTR.	4TH QTR.	4TH QTR.	1ST QTR.	
WHEAT	+18.3 (X)	+23.3 (X)	-7.1 (I)	+2.6 (I)	+27.2 (X)		
CORN	+4.3 (X)	+9.4 (X)	-16.6 (I)	-3.6 (I)	-0.2 (X)		
SOYBEANS	+19.0 (X)	+9.5 (X)	-23.1 (I)	-0.1 (I)	+26.8 (I)		
SOYBEAN OIL	+18.0 (I)	+29.1 (X)	---	+13.1 (I)	+30.2 (I)		
SOYBEAN MEAL	+11.2 (X)	+15.5 (X)	---	-2.2 (I)	+19.2 (I)		
COTTON	+13.2 (X)	+1.2 (X)	-34.1 (I)	+6.2 (I)	+42.7 (I)		
TOBACCO	+5.3 (X)	-4.8 (X)	+17.2 (I)	-5.0 (I)	+15.1 (X)		
RICE	-9.0 (X)	---	---	-19.6 (I)	-5.0 (I)		
COFFEE	-25.8 (I)	-22.6 (I)	-54.4 (I)	-29.5 (I)	-19.1 (I)		
SUGAR	-5.0 (I)	+15.6 (I)	+25.9 (I)	+1.2 (I)	+17.2 (I)		
COCOA BEANS	+5.9 (I)	-25.9 (I)	-45.3 (I)	-35.5 (I)	+3.5 (I)		
BEEF	+69.8 (I)	+55.9 (I)	+19.3 (I)	-8.3 (I)	+55.0 (X)		
NATURAL RUBBER	+28.1 (I)	+21.9 (I)	-9.0 (I)	+6.8 (I)	+39.9 (I)		
EXPORT UNIT VALUE INDEX	+8.4	+13.9	-34.4	-0.2	+17.2		
IMPORT UNIT VALUE INDEX	-0.8	+0.8	-12.5	-6.6	+18.0		

I = IMPORT, UNIT VALUE  
X = EXPORT, UNIT VALUE

TABLE 8.--THE FOOD COMPONENT OF THE CONSUMER PRICE INDEX IN SELECTED COUNTRIES

	1977											
	1977				1978				1978			
	1973	1974	1975	1976	1977	1978	III	IV	I	II	III	IV
1970=100												
ARGENTINA	359	413	1187	6632	18610	48958	19819	26011	31293	40428	52008	68174
AUSTRALIA	124	143	154	173	193	212	197	201	202	209	214	221
AUSTRIA	118	128	136	144	154	159	156	159	156	159	161	159
BANGLADESH	147	248	300	242	266	0	2850	2900	2990	3040	0	0
BELGIUM	117	128	143	160	169	172	170	172	174	170	172	171
BRAZIL	120	1540	19902	67039	20052	30041	10043	10044	50048	70055	20000	605
CAMEROON	114	146	171	186	0	0	0	0	0	0	0	0
CANADA	125	145	164	168	182	210	186	191	197	209	218	217
COLOMBIA	169	215	281	329	448	508	476	476	474	536	504	511
CZECHOSLOVAKIA	100	100	100	100	102	102	103	104	104	104	104	0
DENMARK	131	147	163	181	202	222	204	213	216	219	222	230
ECUADOR	142	188	223	245	280	0	288	302	302	304	316	0
EGYPT	140	135	152	174	198	0	207	207	209	223	218	222
ETHIOPIA	99	108	113	160	186	0	203	197	205	229	227	0
FRANCE	126	141	158	175	197	212	199	203	205	210	214	218
GERMANY, WEST	118	124	130	137	144	145	145	143	147	147	145	143
GREECE	133	169	189	215	246	281	242	259	276	290	273	280
INDIA	131	171	179	156	172	0	176	177	175	0	175	179
INDONESIA	162	229	277	338	372	403	379	387	396	403	402	409
IRAN	124	144	161	172	205	0	210	210	236	256	236	0
IRELAND	140	160	195	227	264	290	271	271	275	284	299	303
ISRAEL	149	215	314	402	570	834	580	679	743	786	833	973
ITALY	124	146	172	202	241	272	245	252	259	267	276	273
JAPAN	124	159	180	196	209	0	210	211	211	212	219	218
JORDAN	140	189	219	251	286	297	286	287	300	288	294	304
KOREA	130	178	233	274	306	357	318	316	335	344	367	380
LIBERIA	118	149	172	172	188	210	193	203	197	0	219	219
MALAWI	124	144	172	176	179	0	173	189	201	194	180	190
MALAYSIA	121	154	159	162	177	0	172	175	176	177	182	182
MEXICO	126	164	184	208	267	311	273	283	292	304	321	327
MOZAMBIQUE	127	155	174	188	0	0	0	0	0	0	0	0
NETHERLANDS	111	120	129	139	153	163	158	164	161	161	162	161
NEW ZEALAND	127	142	157	186	216	241	223	229	230	238	247	253
NIGER	144	148	160	201	255	273	273	267	264	266	280	279
NIGERIA	120	150	214	268	358	0	397	384	414	0	0	0
PAKISTAN	131	171	209	222	247	250	248	249	253	255	267	266
PARAGUAY	147	163	192	200	222	251	220	226	235	239	253	276
PERU	126	150	199	263	369	590	392	406	417	441	635	709
PHILIPPINES	182	244	247	281	309	0	318	324	326	326	208	214
PORTUGAL	131	173	214	264	345	402	347	352	368	393	407	439
SOUTH AFRICA	129	149	171	184	293	0	206	211	218	220	235	243
SPAIN	132	152	177	211	261	310	277	284	291	298	324	324
SRI LANKA	122	139	150	148	149	0	149	248	162	172	179	183
SWEDEN	126	134	150	169	193	212	200	202	211	211	212	213
THAILAND	122	157	164	173	193	0	198	200	203	206	214	218
TURKEY	152	181	235	277	294	524	381	421	451	501	563	581
UNITED KINGDOM	139	164	206	247	294	315	297	299	305	315	319	322
UNITED STATES	123	141	153	157	167	180	170	170	171	179	183	185
URUGUAY	489	844	1442	2128	3491	5045	3749	4069	4172	4690	5329	5911
VENEZUELA	117	132	151	164	185	202	189	192	195	199	205	208
YUGOSLAVIA	169	196	244	278	335	386	327	344	372	389	386	396
ZAIRE	155	200	261	513	873	0	749	979	1117	1292	1112	0
ZAMBIA	119	103	145	177	209	0	212	213	221	232	257	248

1/ 1972=100.

SOURCE: INTERNATIONAL LABOR OFFICE, BULLETIN OF LABOR STATISTICS.

TABLE 9 --CONSUMER PRICES FOR FOOD, CHANGES IN 1978 FROM THE SAME QUARTER A YEAR EARLIER

COUNTRY	QUARTER	PERCENT CHANGE
ARGENTINA	IV	162.1
AUSTRALIA	IV	10.0
AUSTRIA	IV	0.0
BANGLADESH	IV	-
BELGIUM	IV	-0.6
BRAZIL	IV	40.4
CAMEROON	IV	-
CANADA	IV	13.6
COLOMBIA	IV	7.4
CZECHOSLOVAKIA	III	1.0
DENMARK	IV	8.0
ECUADOR	III	9.7
EGYPT	IV	7.2
ETHIOPIA	III	11.8
FRANCE	IV	7.4
GERMANY, WEST	IV	0.0
GREECE	IV	8.1
INDIA	IV	1.1
INDONESIA	IV	5.7
IRAN	III	12.4
IRELAND	IV	11.8
ISRAEL	IV	43.3
ITALY	IV	8.3
JAPAN	IV	3.3
JORDAN	IV	5.9
KOREA	IV	20.3
LIBERIA	IV	7.9
MALAWI	IV	0.5
MALAYSIA	IV	4.0
MEXICO	IV	15.5
MOZAMBIQUE	IV	-
NETHERLANDS	IV	-1.8
NEW ZEALAND	IV	10.5
NIGER	IV	4.5
NIGERIA	IV	-
PAKISTAN	IV	6.8
PARAGUAY	IV	22.1
PERU	IV	74.6
PHILIPPINES	IV	-34.0
PORTUGAL	IV	24.7
SOUTH AFRICA	IV	15.2
SPAIN	IV	14.1
SRI LANKA	IV	-26.2
SWEDEN	IV	5.4
THAILAND	IV	9.0
TURKEY	IV	38.0
UNITED KINGDOM	IV	7.7
UNITED STATES	IV	8.8
URUGUAY	IV	45.3
VENEZUELA	IV	8.3
YUGOSLAVIA	IV	15.1
ZAIRE	III	46.5
ZAMBIA	IV	16.4



Table 10--World Fertilizer Production Potential and Consumption Forecast to 1985  
(million metric tons nutrient)

	1977	1978	1979	1980	1981	1982	1983	1984	1985
	(actual)								
Production (N)	45.88	48.85	52.26	56.80	60.56	64.71	68.13	70.73	71.67
Consumption ("	45.09	47.42	50.86	53.48	56.07	58.68	61.31	63.94	66.58
Balance 1/ ("	.79	1.43	1.40	3.32	4.49	6.03	6.82	6.79	5.09
Production (P2O5)	27.30	31.19	32.30	33.31	34.87	36.55	37.99	38.55	38.89
Consumption ("	26.49	27.42	29.01	30.25	31.51	32.78	34.08	35.39	36.70
Balance 1/ ("	.81	3.77	3.29	3.06	3.36	3.77	3.91	3.16	2.19
Production (K2O)	25.26	25.62	26.33	27.50	28.46	29.31	30.12	30.60	30.88
Consumption ("	23.06	23.47	25.00	26.19	27.34	28.52	29.70	30.93	32.15
Balance 1/ ("	2.20	2.15	1.33	1.31	1.12	.79	.42	-.33	-1.27

1/ Balances do not represent actual expected surpluses/deficits but indicate potential imbalances if production/consumption adjustments do not occur.

Source: International Fertilizer Development Center and Tennessee Valley Authority, World Fertilizer Situation and Outlook 1978-1985, March 1979.

Table 11--U.S. agricultural exports: Value by commodity,  
1977/78 and 1978/79

Commodity	October-April		Fiscal year	
	1977/78	1978/79	1978	Forecast
				1979
	<u>Billion dollars</u>			
Grain and feed	5.878	6.763	11.711	13.2
Oilseeds and products	4.510	5.927	7.453	9.2
Cotton, including linters	1.003	1.114	1.707	1.9
Tobacco	.739	.958	1.132	1.4
Fruits, nuts, and vegetables	1.047	1.206	1.880	2.1
Sugar and tropical products	.339	.425	.572	.6
Livestock and products	1.343	1.856	2.352	3.1
Dairy products	.087	.066	.159	.1
Poultry products	.200	.213	.332	.4
Total	15.146	18.528	27.298	32.0

Table 12--U.S. agricultural exports: Volume of  
selected commodities, 1977/78 and 1978/79

Commodity	October-April		Fiscal year	
	1977/78	1978/79	1978	Forecast
				1979
	<u>Million metric tons</u>			
Wheat and flour	16.333	16.346	32.834	32.7
Feed grains	29.133	27.450	55.545	59.6
Rice	1.118	1.404	2.108	2.6
Soybeans	12.756	14.727	19.686	21.2
Vegetable oils	.856	.909	1.474	1.4
Oilcake and meal	3.516	4.075	5.840	6.2
Cotton, including linters	.797	.810	1.378	1.4
Tobacco	.181	.211	.272	.3
Fresh fruit	.752	.762	1.320	1.3
Animal fats	.765	.756	1.281	1.2
Total	66.207	67.450	121.738	127.9

Table 13 --World Total Grain Production, Consumption and Net Exports 3/

	1960/61-62/63			1969/70-71/72			1977/78			1978/79 2/		
	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports
	Million metric tons											
Developed Countries	317.6	301.9	18.9	404.0	377.6	30.0	480.2	387.1	77.1	513.2	408.5	81.2
United States	168.3	139.8	32.5	208.7	168.9	38.8	262.4	161.5	85.3	271.4	174.9	90.0
Canada	23.8	15.1	9.6	34.4	22.1	14.4	42.2	21.3	19.0	40.9	21.2	17.8
EC-9	71.5	92.0	-21.5	94.2	111.5	-16.1	103.8	114.9	-10.6	116.4	119.6	-7.8
Other Western Europe	20.7	24.9	-4.3	28.9	33.7	-4.9	32.0	42.4	-10.0	36.7	44.3	-9.1
South Africa	7.0	4.7	1.7	10.1	7.1	1.4	12.6	8.7	2.9	8.8	8.9	3.3
Japan	15.6	21.0	-5.3	12.7	27.9	-14.4	12.4	32.5	-22.7	12.2	33.8	-22.7
Oceania	10.8	4.4	6.2	15.0	6.3	10.8	14.8	5.7	13.3	26.9	5.9	9.8
Centrally Planned Countries	292.3	295.7	-3.4	408.7	424.3	-6.6	474.2	523.1	-34.5	524.2	542.5	-35.4
Eastern Europe	57.6	64.3	-6.8	75.1	83.2	-7.5	93.6	104.1	-10.1	96.0	108.3	-10.7
USSR	126.3	119.0	7.3	167.4	171.8	4.0	186.2	217.0	-16.8	227.8	221.8	-12.7
People's Republic of China	108.3	112.4	-4.1	166.2	169.3	-3.1	194.4	202.0	-7.6	200.3	212.3	-12.0
Developing Countries	244.1	255.6	-12.7	319.2	339.1	-20.6	374.5	415.6	-37.5	391.7	433.2	-41.0
Middle America	9.7	10.5	-0.8	16.1	17.3	-1.0	19.0	24.5	-4.7	19.9	25.2	-4.8
Venezuela	5	9	-4	8	1.8	-1.0	1.5	3.1	-1.7	1.6	3.4	-1.7
Brazil	13.8	15.7	-2.3	20.4	22.0	-1.7	21.5	28.4	-2.2	25.3	30.1	-5.7
Argentina	13.2	8.1	5.3	19.4	11.1	8.3	23.6	11.1	13.7	25.7	11.4	14.0
Other South America	5.6	6.7	-1.0	6.8	8.9	-2.1	7.6	10.9	-2.9	7.4	11.0	-3.5
North Africa/Middle East	31.7	37.0	-5.6	40.4	49.5	-9.2	48.3	67.6	-19.2	53.6	72.7	-19.5
Central Africa	19.1	19.9	-0.8	22.6	24.4	-1.8	22.7	26.8	-4.3	24.2	28.3	-3.9
East Africa	7.7	7.7	0	9.6	9.8	-0.3	11.1	11.0	-0.4	10.1	11.1	-0.4
South Asia	92.1	97.4	-6.1	119.1	123.5	-5.1	146.7	148.7	-2.9	148.9	152.8	-2.4
Southeast Asia	17.3	13.5	4.0	22.9	19.8	3.3	20.3	17.2	2.8	22.6	18.3	4.2
East Asia	23.7	27.9	-4.3	30.3	37.9	-8.4	36.9	49.9	-12.9	39.5	52.7	-14.0
Rest of World	9.7	10.5	-0.8	10.6	13.2	-2.6	13.3	16.4	-3.0	12.9	16.1	-3.2
Total Above	854.0	853.2	0.8	1131.9	1141.0	0.9	1326.9	1325.8	1.1	1429.0	1384.2	44.8
World Total 1/	854.0	853.2	0.8	1128.1	1139.2	11.1	1327.0	1326.7	0.3	1429.1	1391.6	37.5

1/ World totals taken from the June issue of the Foreign Agricultural Circular on Grains.

2/ Preliminary.

3/ Net export figures are on a July-June basis.



Table 14--World Wheat Production, Consumption, and Net Exports 3/

	1960/61-62/63			1969/70-71/72			1977/78			1978/79 2/		
	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports
	Million metric tons											
Developed Countries												
United States	94.2	74.3	20.7	112.0	87.8	28.8	134.7	88.3	51.8	148.6	90.8	49.7
Canada	33.4	16.3	18.1	40.0	21.9	17.7	55.4	23.4	31.1	49.0	23.6	31.4
EC-9	12.4	4.0	9.4	13.9	4.7	11.4	19.9	5.1	15.9	21.1	5.1	14.4
Other Western Europe	29.8	36.0	-7.2	36.9	40.9	-3.3	38.3	39.2	-4.4	47.2	41.0	3.3
South Africa	8.5	10.5	-2.1	9.9	10.7	-8	9.3	10.4	-1.2	10.9	10.7	-7
Japan	.8	.9	-1.1	1.5	1.3	-1.1	1.9	1.7	1.1	1.7	1.7	1.2
Oceania	1.6	4.2	-2.7	.6	5.3	-4.7	.2	5.8	-5.8	.4	5.9	-5.5
	7.7	2.4	5.2	9.3	3.0	8.5	9.7	2.7	11.1	18.3	2.8	6.6
Centrally Planned Countries												
Eastern Europe	103.1	107.7	-4.3	148.8	160.6	-3.8	166.9	193.4	-17.4	200.7	199.5	-15.1
USSR	16.9	22.3	-5.5	26.3	30.9	-4.7	34.2	37.2	-2.9	35.9	38.9	-2.6
People's Republic of China	67.2	62.5	5.0	92.8	96.0	4.8	92.2	107.1	-5.9	120.8	107.6	-3.5
	19.0	22.8	-3.8	29.7	33.6	-3.9	40.5	49.1	-8.6	44.0	53.0	-9.0
Developing Countries												
Middle America	43.1	57.9	-15.3	63.9	86.9	-23.7	80.2	117.6	-33.4	87.7	123.2	-33.6
Venezuela	1.4	1.9	-6	2.1	2.9	-8	2.4	4.2	-1.6	2.6	4.5	-2.0
Brazil	---	.3	---	---	.7	---	---	---	---	---	.8	---
Argentina	.3	2.4	-2.3	1.6	3.6	-1.8	2.0	6.0	-3.1	2.7	6.5	-4.0
Other South America	5.1	3.5	2.0	5.9	4.4	1.6	5.3	4.4	2.6	8.1	4.5	3.4
North Africa/Middle East	1.9	3.0	-1.1	1.9	3.8	-1.8	1.4	4.5	-2.8	1.2	4.5	-3.2
Central Africa	15.7	20.4	-4.9	20.5	28.3	-8.0	28.2	39.3	-13.9	28.5	41.7	-13.3
East Africa	.7	1.1	-.4	.9	2.0	-1.1	.5	2.7	-2.2	.5	2.7	-2.1
South Asia	.1	.3	-.2	.3	.6	-.2	.3	.7	-.4	.3	.7	-.4
Southeast Asia	17.5	22.1	-5.1	30.1	33.8	-4.4	41.8	46.8	-3.4	43.3	49.3	-3.7
East Asia	---	.2	-.2	---	.4	-.4	.1	.3	-.2	.1	.3	-.2
Rest of World	.2	2.0	-1.8	.2	4.2	-4.1	.1	4.9	-5.0	.1	5.0	-5.0
	.2	.8	-.6	.3	2.2	-1.9	.4	3.0	-2.6	.4	2.8	-2.4
Total Above	240.3	239.9	---	324.7	335.3	---	381.8	399.3	---	437.1	413.4	---
World Total 1/	240.3	239.9	---	324.7	335.6	---	381.8	395.6	---	437.6	415.6	---

1/ World totals taken from the June issue of the Foreign Agricultural Circular on Grains.

2/ Preliminary.

3/ Net export figures are on a July-June basis.

Table 15 --World Coarse Grain Production, Consumption and Net Exports 3/

	1960/61-62/63				1969/70-71/72				1977/78				1978/79 2/			
	Production	Consumption	Net Exports	Production	Consumption	Net Exports	Production	Consumption	Net Exports	Production	Consumption	Net Exports	Production	Consumption	Net Exports	Production
Million metric tons																
Developed Countries	208.8	213.3	-2.3	276.5	275.5	-1.0	329.3	286.0	23.6	347.0	304.4	28.9	347.0	304.4	28.9	
United States	133.0	122.5	13.3	165.8	145.7	19.4	203.8	136.9	52.0	218.0	149.9	56.0	218.0	149.9	56.0	
Canada	11.4	11.1	.2	20.5	16.5	3.0	22.3	16.1	3.2	19.7	16.0	3.5	19.7	16.0	3.5	
EC-9	41.1	55.2	-14.2	56.7	69.9	-12.8	65.0	74.8	-9.7	68.4	77.6	-10.8	68.4	77.6	-10.8	
Other Western Europe	11.9	14.0	-2.2	18.6	22.5	-4.1	22.4	31.4	-9.7	25.4	33.1	-8.4	25.4	33.1	-8.4	
South Africa	6.2	3.7	1.9	8.7	5.7	1.6	10.8	6.9	2.8	7.1	7.0	3.2	7.1	7.0	3.2	
Japan	2.3	4.8	-2.4	.7	11.1	-10.3	.2	16.8	-17.0	.4	17.7	-17.5	.4	17.7	-17.5	
Oceania	2.9	2.0	.9	5.4	3.2	2.1	4.8	3.0	2.0	8.1	3.1	2.9	8.1	3.1	2.9	
Centrally Planned Countries	137.1	136.2	.7	185.1	189.3	-3.2	219.7	242.8	-17.7	236.6	256.7	-20.9	236.6	256.7	-20.9	
Eastern Europe	40.7	41.8	-1.0	48.6	51.9	-2.6	59.2	66.5	-7.0	60.0	69.1	-7.9	60.0	69.1	-7.9	
USSR	59.0	56.2	2.5	73.8	74.7	-.5	92.6	108.3	-10.7	105.7	112.7	-9.0	105.7	112.7	-9.0	
People's Republic of China	37.5	38.2	-.7	62.6	62.7	-.1	67.9	68.0	-.1	71.0	75.0	-4.0	71.0	75.0	-4.0	
Developing Countries	102.3	98.9	2.5	132.1	127.3	5.5	148.5	154.4	-1.8	157.8	162.9	-4.9	157.8	162.9	-4.9	
Middle America	7.8	8.1	-.2	13.4	13.6	-.2	15.7	19.2	-3.1	16.4	19.7	-2.8	16.4	19.7	-2.8	
Venezuela	.5	.5	-.1	.7	.9	-.3	1.1	2.0	-1.0	1.2	2.3	-1.0	1.2	2.3	-1.0	
Brazil	9.8	9.6	-.2	14.6	14.0	1.0	14.4	16.8	-.8	17.1	17.7	-1.5	17.1	17.7	-1.5	
Argentina	7.9	4.5	3.3	13.3	6.6	6.7	18.1	6.6	11.0	17.4	6.8	10.5	17.4	6.8	10.5	
Other South America	2.8	2.9	-.1	3.5	3.9	-.4	4.2	4.6	-.4	4.0	4.6	-.5	4.0	4.6	-.5	
North Africa/Middle East	14.3	14.8	-.6	17.1	18.5	-1.2	19.6	24.5	-4.1	22.3	26.7	-4.6	22.3	26.7	-4.6	
Central Africa	16.3	16.3	-.1	19.0	19.0	-.1	19.1	19.5	-.5	20.7	20.9	-.3	20.7	20.9	-.3	
East Africa	7.5	7.2	.2	9.1	9.1	-.1	10.7	10.1	.1	9.6	10.1	.1	9.6	10.1	.1	
South Asia	27.3	27.0	-.1	30.9	31.0	-.1	33.6	34.1	-.5	34.0	34.9	-.9	34.0	34.9	-.9	
Southeast Asia	.9	.2	.7	2.3	.6	1.8	2.5	1.2	1.3	3.5	1.3	2.1	3.5	1.3	2.1	
East Asia	5.2	5.6	-.4	6.4	7.7	-1.6	7.1	13.1	-5.5	8.8	14.8	-6.6	8.8	14.8	-6.6	
Rest of World	2.1	2.2	-.1	1.8	2.0	-.2	2.5	2.8	-.3	2.7	3.1	-.4	2.7	3.1	-.4	
Total Above	448.2	448.4	-.2	593.7	592.1	1.6	697.5	683.3	14.2	741.5	724.1	17.4	741.5	724.1	17.4	
World Total 1/	448.2	448.4	-.2	593.5	594.0	-.5	697.4	688.2	9.2	740.8	729.3	11.5	740.8	729.3	11.5	

1/ World totals taken from the June issue of the Foreign Agricultural Circular on Grains.

2/ Preliminary.

3/ Net export figures are on a July-June basis.

Table 16 --World Milled Rice Production, Consumption and Net Exports 3/

	1960/61-62/63			1969/70-71/72			1977/78			1978/79 2/		
	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports	Produc- tion	Consump- tion	Net Exports
	Million metric tons											
Developed Countries	14.5	14.2	.6	15.6	14.2	2.2	16.3	12.9	1.8	17.5	13.3	2.6
United States	1.9	.9	1.0	2.9	1.3	1.7	3.1	1.3	2.3	4.4	1.4	2.6
Canada	---	---	---	---	---	---	---	---	---	---	---	---
EC-9	.5	.8	-.2	.7	.7	---	.5	.9	-.5	---	.1	---
Other Western Europe	.4	.4	---	.4	.5	-.1	.5	.5	-.1	.4	.6	-.3
South Africa	---	.1	-.1	---	.1	---	---	.1	-.1	---	---	-.1
Japan	11.6	12.0	-.2	11.4	11.5	.6	11.9	9.9	---	11.5	10.1	.3
Oceania	.1	---	.1	.2	.1	.1	.3	.1	.3	.5	.1	.3
Centrally Planned Countries	52.1	51.9	.2	74.9	74.4	.5	87.6	86.9	.7	86.8	86.3	.5
Eastern Europe	.1	.2	-.2	.1	.4	-.2	.1	.4	-.2	.1	.4	-.3
USSR	.2	.3	-.2	.8	1.1	-.3	1.4	1.6	-.2	1.4	1.6	-.2
People's Republic of China	51.8	51.3	.6	73.9	72.9	.9	86.0	84.9	1.1	85.3	84.3	1.0
Developing Countries	98.8	98.8	.1	123.2	125.0	-2.4	143.7	143.5	-2.3	146.1	147.1	-2.5
Middle America	.5	.5	-.1	.7	.8	-.1	.9	1.1	---	.9	1.1	-.1
Venezuela	.1	.1	---	.1	.1	---	.3	.3	---	.4	.4	---
Brazil	3.8	3.7	.1	4.1	4.0	.1	5.1	5.6	.1	5.5	5.9	-.2
Argentina	.1	.1	---	.2	.2	.1	.2	.1	.1	.2	.1	.1
Other South America	1.0	.9	.1	1.4	1.3	.1	2.0	1.8	.4	2.1	1.9	.2
North Africa/Middle East	1.7	1.8	-.1	2.8	2.7	---	2.5	3.8	-1.2	2.7	4.2	-1.6
Central Africa	2.1	2.5	-.4	2.8	3.3	-.6	3.0	4.5	-1.5	3.0	4.8	-1.5
East Africa	.1	.2	---	.2	.2	---	.2	.3	---	.2	.3	---
South Asia	47.3	48.3	-.9	58.1	58.6	-.6	71.3	67.8	.5	71.7	68.6	1.3
Southeast Asia	16.4	13.1	3.4	20.5	18.8	1.9	17.7	15.6	1.7	19.0	16.7	2.2
East Asia	18.3	20.3	-2.1	23.7	25.9	-2.7	29.8	31.9	-2.4	30.6	32.9	-2.5
Rest of World	7.5	7.5	---	8.5	9.0	-.6	10.5	10.6	-.1	9.7	10.1	-.4
Total Above	165.4	164.9	---	213.6	213.6	---	247.6	243.3	---	250.5	246.7	---
World Total 1/	165.4	164.9	---	209.9	209.6	---	247.8	243.0	---	250.9	246.6	---

1/ World Totals taken from the June issue of the Foreign Agricultural Circular on Grains.

2/ Preliminary

3/ Net export figures are on a July-June basis.



Commodity	Year	Port	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Average
Soybeans	: 1977	: Rotterdam	: 287	: 293	: 328	: 384	: 371	: 326	: 252	: 230	: 205	: 209	: 236	: 241	: 280
	: 1978	: Rotterdam	: 239	: 239	: 273	: 290	: 290	: 278	: 266	: 262	: 264	: 271	: 270	: 278	: 268
	: 1979	: Rotterdam	: 284	: 298	: 310	: 300									
Soybean meal	: 1977	: Rotterdam	: 251	: 248	: 272	: 316	: 298	: 253	: 193	: 174	: 174	: 179	: 200	: 200	: 230
	: 1978	: Rotterdam	: 200	: 188	: 215	: 224	: 221	: 208	: 207	: 202	: 208	: 223	: 227	: 237	: 213
	: 1979	: Rotterdam	: 235	: 238	: 241	: 238									
Soybean oil	: 1977	: Decatur	: 455	: 493	: 584	: 653	: 687	: 630	: 522	: 464	: 421	: 410	: 461	: 500	: 498
	: 1978	: Decatur	: 460	: 477	: 587	: 600	: 631	: 592	: 569	: 575	: 607	: 593	: 547	: 570	: 567
	: 1979	: Decatur	: 566	: 610	: 614	: 590									
Copra	: 1977	: N.W. Europe	: 377	: 396	: 510	: 526	: 502	: 433	: 365	: 318	: 325	: 333	: 355	: 388	: 402
	: 1978	: N.W. Europe	: 380	: 397	: 435	: 405	: 417	: 459	: 452	: 456	: 525	: 552	: 574	: 595	: 470
	: 1979	: N.W. Europe	: 670	: 691	: 690	: 728									
Coconut meal	: 1977	: Hamburg	: 198	: 187	: 176	: 198	: 185	: 182	: 174	: 171	: 162	: 164	: 172	: 177	: 179
	: 1978	: Hamburg	: 170	: 162	: 163	: 166	: 167	: 169	: 173	: 176	: 179	: 186	: 191	: 198	: 175
	: 1979	: Hamburg	: 202	: 202	: 205	: 209									
Coconut oil	: 1977	: Rotterdam	: 546	: 576	: 735	: 793	: 718	: 620	: 513	: 451	: 463	: 479	: 505	: 539	: 578
	: 1978	: Rotterdam	: 541	: 561	: 650	: 600	: 596	: 646	: 644	: 657	: 778	: 805	: 835	: 886	: 683
	: 1979	: Rotterdam	: 966	: 981	: 986	: 1062									
Peanuts	: 1977	: UK	: 529	: 547	: 555	: 582	: 606	: 635	: n.q. <sup>3/</sup>	: 540	: 480	: 468	: 492	: 544	: 543
	: 1978	: UK	: 562	: 558	: 557	: 635	: 660	: 667	: 634	: 615	: 638	: 654	: 645	: 628	: 621
	: 1979	: UK	: 636	: 621	: 605	: 628									
Peanut oil	: 1977	: Rotterdam	: 849	: 856	: 871	: 881	: 897	: 848	: 804	: 807	: 773	: 794	: 852	: 917	: 846
	: 1978	: Rotterdam	: 956	: 910	: 1020	: 1127	: 1128	: 1106	: 1042	: 1044	: 1210	: 1194	: 1191	: 1022	: 1079
	: 1979	: Rotterdam	: 976	: 969	: 972	: 970									
Rapeseed	: 1977	: N.W. Europe	: 293	: 306	: 326	: 372	: 374 <sup>3/</sup>	: 342	: 290	: 266	: 279	: 292	: 303	: 302	: 312
	: 1978	: N.W. Europe	: 294	: 298	: 319	: 330	: n.q.	: 321	: 287	: 258	: 274	: 286	: 297	: 299	: 297
	: 1979	: N.W. Europe	: 284	: 306	: 317	: 300									
Fishmeal	: 1977	: Hamburg	: 467	: 452	: 442	: 484	: 506	: 477	: 447	: 382	: 408	: 456	: 462	: 464	: 454
	: 1978	: Hamburg	: 432	: 434	: 434	: 416	: 410	: 408	: 401	: 405	: 387	: 384	: 398	: 390	: 410
	: 1979	: Hamburg	: 381	: 382	: 381	: 366									
Palm oil	: 1977	: N.W. Europe	: 462	: 507	: 598	: 647	: 659	: 619	: 520	: 493	: 460	: 4			

1/ All prices c.i.f. European ports except soybean oil which is f.o.b. Decatur

1/ All prices c.i.f. European port.  
2/ Source: Oil World; various issues.

2/ source: No quote

Table 18--World centrifugal sugar production by regions and major countries, average  
1969/70-1971/72 and annual 1976/77-1978/79

Country and region	Production			
	1969/70- 71/72	1976/77	1977/78	1978/79 <u>2/</u>
	1,000 metric tons			
North America	17,516	18,803	19,239	19,185
Canada	127	165	147	126
United States <u>1/</u>	5,587	6,234	5,443	5,584
Cuba	6,382	6,100	7,200	6,500
Dominican Republic	1,073	1,222	1,164	1,250
Mexico	2,466	2,696	3,029	3,200
Other North America	1,881	2,386	2,256	2,525
South America	9,133	12,721	13,879	12,442
Argentina	956	1,592	1,665	1,387
Brazil	5,119	7,500	8,863	7,724
Other South America	3,058	3,629	3,351	3,331
Western Europe	11,074	13,145	14,655	14,681
EC-9	9,318	10,471	12,160	12,320
Other Western Europe	1,756	2,674	2,495	2,361
Eastern Europe	4,232	5,219	5,621	5,597
USSR	8,592	7,350	8,825	9,000
Africa	4,729	6,070	6,175	6,377
South Africa Republic	1,637	2,166	2,211	2,110
Asia	12,781	19,217	20,304	20,622
China, People's Republic	1,957	2,153	2,465	2,680
India	4,113	6,043	8,127	7,875
Japan	485	565	630	672
Philippines	1,951	2,753	2,397	2,360
Oceania	2,813	3,712	3,691	3,444
Australia	2,467	3,405	3,322	2,985
World Total	70,908	86,237	92,389	91,348

1/ Includes Hawaii and Puerto Rico.

2/ Estimate.

Source: Foreign Agricultural Service.

Table 19--World coffee production and exportable production, 1974/75-79/80

	Production						Exportable Production <sup>1/</sup>					
	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1974/75	1985/76	1976/77	1977/78	1978/79	1979/80
					2/	3/					2/	3/
	1,000 bags (60-kg. each)											
North and South America	54,450	49,176	36,018	46,348	50,437	53,485	39,890	34,998	23,379	32,435	35,661	37,978
Mexico	3,900	4,200	3,650	3,600	3,800	3,800	2,156	2,660	2,400	2,157	2,200	2,100
Guatemala	2,540	2,149	2,613	2,350	2,500	2,700	2,255	1,859	2,315	2,046	2,189	2,385
El Salvador	3,300	2,530	2,968	2,400	3,000	3,000	3,130	2,350	2,783	2,210	2,805	2,800
Brazil	27,500	23,000	9,300	17,500	20,000	22,500	19,500	15,000	2,300	10,000	12,000	14,000
Colombia	9,000	8,500	9,300	11,050	11,300	11,500	7,400	7,100	7,900	9,500	9,600	9,750
Africa	21,922	18,285	19,370	17,004	18,319	18,188	19,803	15,956	16,911	14,459	15,743	15,591
Angola	3,444	1,180	1,112	1,121	900	1,000	3,352	1,100	1,040	1,046	820	920
Ethiopia	2,488	2,677	2,882	3,024	3,000	3,000	1,051	1,011	1,049	1,135	1,100	1,200
Ivory Coast	4,500	5,133	4,800	3,320	4,500	4,170	4,432	5,066	4,768	3,284	4,458	4,120
Uganda	3,340	2,244	2,672	1,996	2,000	2,200	3,311	2,222	2,642	1,966	1,970	2,170
Asia and Oceania	5,680	5,781	6,425	6,909	6,561	6,616	3,495	3,594	4,256	5,035	4,717	4,673
India	1,630	1,478	1,791	2,189	1,856	1,841	970	729	941	1,285	1,053	1,001
Indonesia	2,675	2,865	3,089	3,218	3,180	3,200	1,700	1,965	2,275	2,699	2,670	2,650
World	82,052	73,242	61,813	70,261	75,317	78,289	63,188	54,548	44,546	51,929	56,121	58,342

<sup>1/</sup> Total harvested production less estimated domestic consumption.<sup>2/</sup> Estimated.<sup>3/</sup> Forecast.

Source: Foreign Agricultural Service.



Table 20--U.S. green coffee imports by country of origin, average 1969-71 and annual 1976-78

Country and region	1969-71 Average	1976	1977	1978
	1,000 bags (60-kg. each) -----			
Latin America				
Mexico	12,890	12,463	9,213	12,235
Guatemala	1,092	1,869	1,406	1,390
El Salvador	777	749	832	942
Brazil	586	1,045	1,037	627
Colombia	5,496	3,092	2,453	2,694
Ecuador	2,558	2,688	1,951	2,808
	460	767	505	1,044
Africa				
Angola	6,446	5,708	3,405	4,188
Ethiopia	1,409	871	49	304
Ivory Coast	1,047	703	288	461
Uganda	1,060	1,330	673	775
	922	941	966	438
Asia and Oceania				
India	1,196	1,583	1,190	1,696
Indonesia	96	197	158	277
	878	1,082	860	1,177
World 1/	20,535	19,788	17,525	13,674

1/ Includes minor other imports, mostly European re-exports.

Source: Foreign Agricultural Service.

Table 22--U.S. Imports of cocoa beans by country of origin, average 1969-71 and annual 1976-78

Country and region	1969-71 Average	1976	1977	1978
	1,000 metric tons			
Latin America	115.6	110.4	72.3	88.8
Brazil	56.6	59.5	26.3	39.1
Dominican Republic	26.2	23.9	24.2	26.9
Ecuador	12.9	10.3	3.7	7.4
Venezuela	2.9	2.8	1.8	0.5
Africa	153.5	113.8	94.3	113.2
Ghana	89.7	48.6	34.0	24.0
Ivory Coast	25.4	19.1	38.6	52.0
Nigeria	27.2	43.1	20.7	34.9
Asia and Oceania	7.4	14.9	8.1	6.0
Papua/New Guinea	6.1	12.6	7.2	5.1
World 1/	276.5	239.2	174.9	208.6

1/ Includes minor other imports, mostly European re-exports.

Source: Foreign Agricultural Service.

Table 21--World cocoa bean production, average 1969/70-71/72 and annual 1976/77-78/79

Country and region	Average 1969/70-71/72	1976/77	1977/78	1978/79 1/
	Thousand metric tons			
Latin America 2/	367.1	439.4	507.4	532.3
Dominican Republic	36.8	33.0	34.0	35.0
Mexico	26.8	24.1	36.0	36.0
Brazil	183.1	234.0	283.0	300.0
Colombia	16.6	28.0	30.0	32.0
Ecuador	59.3	72.0	75.0	78.0
Venezuela	18.7	16.6	17.0	17.0
Africa 2/	1,088.0	857.0	936.0	875.5
Cameroon	114.6	84.5	115.0	115.0
Ghana	423.4	325.0	271.0	260.0
Ivory Coast	192.9	232.4	297.0	315.0
Nigeria	271.0	165.0	203.0	140.0
Asia and Oceania 2/	41.0	53.7	57.5	62.7
Malaysia	3.5	16.7	19.0	22.0
Papua/New Guinea	27.1	27.8	27.6	29.0
World	1,496.1	1,352.1	1,501.8	1,470.5

1/ Forecast. 2/ Total includes countries not listed.

Source: Foreign Agricultural Service.







Table 26--World leaf tobacco production in selected regions and countries, average 1969-71  
and annual 1974-78

[illegible]

Note: Individual items may not precisely add to totals because of rounding.

1/ Preliminary.

2/ Farm - sales - weight.

3/ Includes Bangladesh.

Sources: Foreign Agricultural Service and U.S. Agricultural Attache Tobacco reports.





Table 28--World cigarette production by regions and major countries, average 1969-71  
and annual 1974-78

Region and Country	Average 1969-71	1974	1975	1976	1977	1978 <u>1/</u>	1978 as a percent of 1977
		Trillion pieces					Percent
North America	702	778	796	844	824	862	105
United States	573	635	651	693	666	696	104
Canada	50	60	58	62	65	62	105
Mexico	43	43	45	45	47	49	104
Other South America	36	40	42	44	46	55	119
South America	151	194	211	214	228	246	108
Brazil	74	100	116	117	129	140	109
Argentina	30	38	39	37	37	37	100
Colombia	20	18	19	18	19	22	116
Venezuela	11	16	17	19	20	20	100
Other South America	16	22	20	23	23	27	117
Western Europe	592	670	680	689	685	689	101
EC-9	459	524	529	537	526	526	100
Spain	36	36	39	37	43	44	102
Greece	17	21	22	23	24	25	104
Other Western Europe	80	89	90	92	92	94	102
Eastern Europe	268	292	298	312	318	327	103
Bulgaria	58	71	71	76	78	80	103
Yugoslavia	35	42	41	43	43	45	105
Other Eastern Europe	175	179	186	193	197	202	103
USSR	325	371	367	375	378	387	102
Asia	1,211	1,414	1,450	1,472	1,538	1,582	103
People's Republic of China	606	671	687	703	725	750	103
Japan	219	292	294	289	304	305	100
India	63	62	60	67	68	68	100
Indonesia	32	50	55	60	65	65	100
South Korea	41	49	53	55	60	61	102
Pakistan <u>2/</u>	28	34	38	41	40	44	110
Philippines	37	42	49	51	51	52	102
Turkey	40	54	52	55	58	56	103
Thailand	15	21	23	24	27	30	111
Other Asia	130	139	139	127	140	143	102
Africa	85	112	120	122	129	132	102
Egypt	12	21	24	23	25	27	108
South Africa	16	20	22	22	22	22	100
Other Africa	57	71	74	77	82	83	101
Oceania	33	38	39	37	39	39	100
Australia	27	31	32	30	33	33	100
Other Oceania	6	7	7	7	6	6	100
World Total	3,367	3,869	3,961	4,065	4,139	4,264	103

1/ Preliminary.

2/ Includes Bangladesh.

Source: Foreign Agricultural Service and U.S. Agricultural Attaches Tobacco reports.

Table 29--Unmanufactured tobacco exports by selected countries, average  
1969-71 and annual 1974-78

Country	Average 1969-71	1974	1975	1976	1977	1978 <u>1/</u>
- - - - -1,000 metric tons <u>2/</u> - - - - -						
United States	239	295	255	262	285	318
Brazil	54	93	101	107	108	117
Bulgaria	60	69	71	70	68	59
India	53	81	78	80	75	75
Turkey	75	112	66	75	62	77
Italy	12	65	59	54	41	44
Greece	65	67	51	56	53	70
South Korea	17	41	44	42	49	50
Philippines	39	34	38	28	26	24
Rhodesia	40	70	80	75	60	60
Dominican Republic of	21	41	31	33	20	37
Malawi	18	31	35	36	53	53
Canada	30	34	27	26	24	33
Indonesia	11	27	20	20	26	21
Yugoslavia	17	19	25	25	17	28
Argentina	15	7	33	25	24	23
Paraguay	18	24	25	28	22	15
Mexico	10	26	17	18	18	26
Colombia	14	22	10	21	14	23
West Germany	25	31	34	32	32	32
Sub-total	836	1,189	1,100	1,113	1,077	1,185
Other countries	162	224	190	214	212	225
World total	998	1,413	1,290	1,327	1,289	1,410

Note: Individual items may not precisely add to totals because of rounding.

1/ Preliminary.

2/ Declared weight.

Sources: Foreign Agricultural Service and U.S. Agricultural Attache Tobacco Reports.

Table 30--U.S. exports of unmanufactured tobacco by major destination, average  
1969-71 and annual 1974-78

Country of Destination	Average 1969-71	1974	1975	1976	1977	1978 <sup>1/</sup>	1978 as a percent of 1977
	1,000 Metric tons <sup>2/</sup>						Percent
Japan	18	50	37	60	61	46	75
European Community	(143)	(134)	(125)	(107)	(107)	(153)	143
United Kingdom	48	43	36	33	21	68	324
West Germany	45	44	41	33	36	24	66
Italy	10	11	14	15	18	19	105
Netherlands	16	14	14	11	14	16	114
Denmark	8	6	8	4	8	12	150
Ireland	5	5	4	4	2	2	100
Belgium-Luxembourg	7	7	4	3	5	8	160
France	4	4	4	4	3	4	133
Switzerland	10	10	12	11	13	12	92
Egypt	1	6	5	5	12	11	92
Sweden	7	7	7	6	5	8	160
Thailand	10	9	9	10	7	8	114
Philippines	3	5	5	6	7	6	86
Australia	6	9	7	5	6	6	100
Taiwan	4	11	7	6	9	12	133
Malaysia	4	5	3	3	6	5	83
New Zealand	2	2	2	2	2	2	100
Sub-total	208	248	219	221	235	269	114
Other countries	31	52	36	41	50	49	98
World total	239	295	255	262	285	318	112

Note: Individual items may not precisely add to totals because of rounding.

<sup>1/</sup> Preliminary.

<sup>2/</sup> Declared weight.

Sources: Foreign Agricultural Service.

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